PUBLIC ACCOUNTS

2006 – 2007

Yukon
Finance

2008-02860/

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF YUKON

for the year ended March 31, 2007

Yukon
Finance

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Yukon
Office of the Minister
Box 2703, Whitehorse, Yukon Y1A 2C6

October 17, 2007

The Honourable Geraldine Van Bibber
Commissioner of Yukon

In accordance with the provisions of section 8 of the *Financial Administration Act* (Yukon), I have the honour to submit herewith the Public Accounts of the Government of Yukon for the fiscal year ended March 31, 2007.

Dennis Fentie
Minister of Finance

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PUBLIC ACCOUNTS OF THE
GOVERNMENT OF YUKON

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PART ONE

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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GOVERNMENT OF YUKON

Financial Statement Discussion and Analysis for the year ended March 31, 2007

Introduction

The Public Accounts is a major accountability report of the Government of Yukon (the Government). The purpose of the financial statement discussion and analysis is to expand upon and explain information contained in the consolidated financial statements, which are presented in Part Two of the Public Accounts. Responsibility for the preparation of this discussion and analysis rests with management of the Government.

2006-07 Highlights

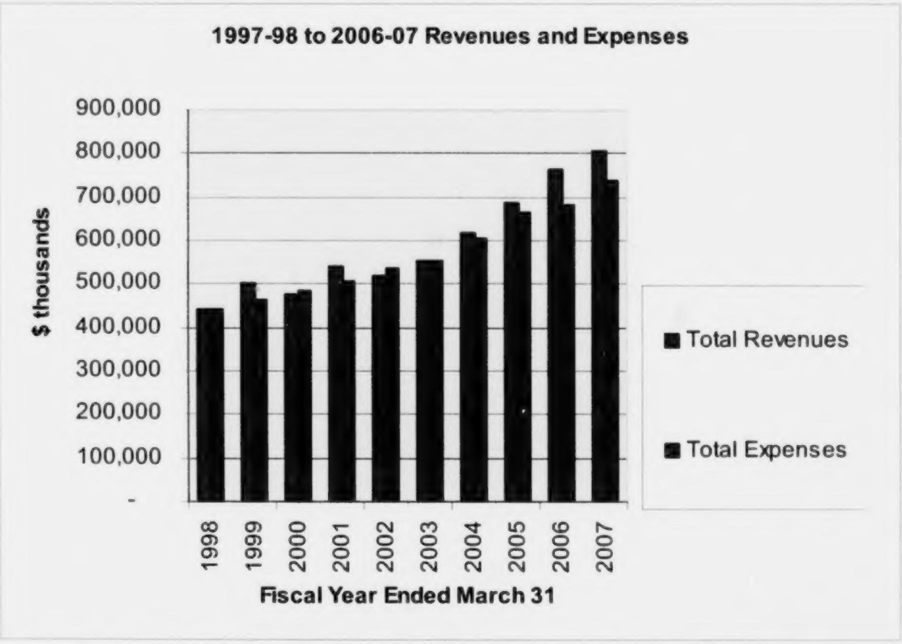
- The 2006-07 financial statements report an annual surplus of $67 million, which is $45 million higher than the initially budgeted amount. This is the fifth consecutive year that the Government has reported an annual surplus. The Government's cash position as of March 31, 2007 increased to $202 million from $147 million the previous year.
- The greater than expected annual surplus and additional cash were largely due to the $50 million Northern Housing Trust transfer from the Government of Canada. The Northern Housing Trust was created by the Government of Canada to increase the supply of affordable housing in the territories. $32.5 million of the Northern Housing Trust is allocated to Yukon First Nation governments and $17.5 million to Government housing programs.
- At March 31, 2007, the Government reported an accumulated surplus of $714 million and net financial resources of $269 million. The Government has maintained the accumulated surplus and net financial resources positions since 1981-82. To have net financial resources means a government has more financial assets that are readily available to finance its future operations than liabilities.
- At the end of the fiscal year 2006-07, Yukon is one of only two jurisdictions in Canada that reports net financial resources rather than net debt.
- The financial statements of the Government fully comply with Canadian generally accepted accounting principles for the public sector. The 2006-07 financial statements received an unqualified audit opinion from the Auditor General of Canada. This is the fifth consecutive year the Auditor General of Canada has provided an unqualified opinion.

Surplus (Deficit) for the Year

The Government's annual surplus or deficit resulting from its operations depends on various factors. Two of the most significant factors are:

- total revenues, of which the Formula Financing grant from the Government of Canada makes up the largest share, less:
- direct government spending and operating transfers to other public organizations, such as municipalities.

The chart below illustrates the trend between revenues and spending over the last 10 years. The amounts are taken directly from the respective year's Public Accounts, without reflecting changes in accounting policies over the years.



Reporting of an annual surplus or deficit is affected by accounting policies used to calculate revenues and expenses. During the ten years reflected above, there were two significant accounting policy changes. Since 2004-05, the Government has used full accrual accounting, whereby expenditures for tangible capital asset acquisitions and developments are capitalized and, therefore, not reported as expenses. Instead, the cost of the asset is allocated over its estimated useful life and a portion is reported as an amortization expense. Since 2005-06, Yukon College and the Yukon Hospital Corporation's financial statements have been included as part of the Government's reporting entity.

Revenues

In 2006-07, revenues increased to $806 million from $763 million in the previous year.

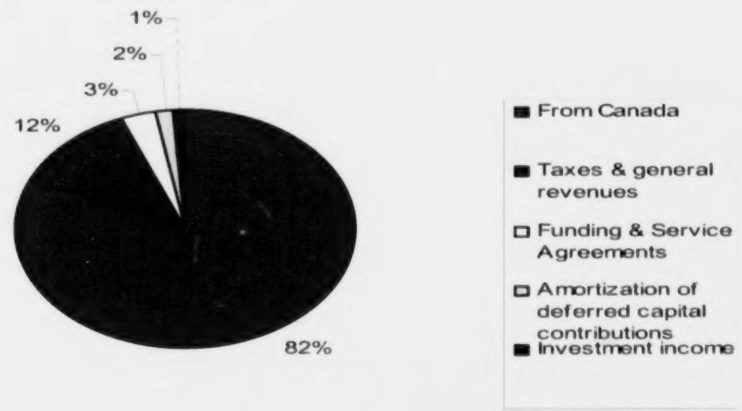
The Government receives the majority of its revenues from the Government of Canada as a Formula Financing grant. In 2006-07, the Government received $517 million as a Formula Financing grant. This was an increase of $23 million or 5% from the previous year. The exact amount of the Formula Financing grant for the fiscal year 2006-07 was determined by federal legislation. As for future years 2007-08 to 2013-14, the federal government has restored the Formula Financing grant to a principle based arrangement, which means future amounts may vary based on a number of factors such as the population of the territory.

In addition to the Formula Financing grant, the Government receives grants for specific purposes from the Government of Canada. The most significant of those in 2006-07 was the Northern Housing Trust in the amount of $50 million, the purpose of which is to support investments that increase the supply of affordable housing in the territory. The Northern Housing Trust is allocated as follows: $32.5 million to Yukon First Nation governments and $17.5 million to Government housing programs.

Taxes and general revenues include corporate income, personal income, tobacco, liquor, fuel, and property taxes, oil and gas resource revenues and licences and fees such as motor vehicle licences and business/professional fees. Taxes and general revenues have increased by $10 million to $98 million from the previous year. This increase is mainly attributable to the growth in income tax revenues ($5 million) and interest income ($4 million).

The investment income of $9 million ($8 million in the previous year) reported in the financial statements represents the net results of government corporations that are categorized as government business enterprises. Yukon Government business enterprises include the Yukon Liquor Corporation, Yukon Government Fund Limited and the Yukon Development Corporation, which reports its results consolidating the Yukon Energy Corporation.

Revenue by Source 2006-07

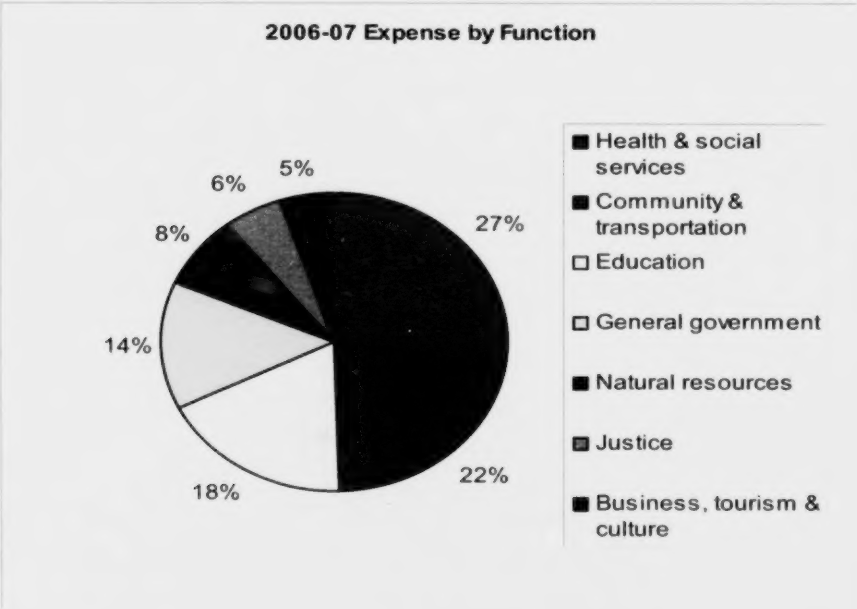


Expenses

In 2006-07, the ratio of expenses by function remained consistent with the previous year, with health and social services, community and transportation, and education comprising 67% of total expenses (66% in 2005-06).

Over all, expenses increased by 8% or $55 million to $739 million from the previous year's expenses of $684 million. The largest increase was in the community and transportation function, with an increase of $22 million, followed by $15 million increase in health and social services. The increase in the community and transportation function was largely due to increased capital transfers to municipalities corresponding to the funding received from the Government of Canada under the Canadian Strategic Infrastructure Fund and the Municipal Rural Infrastructure Fund.

The following is a chart of expenses by function:



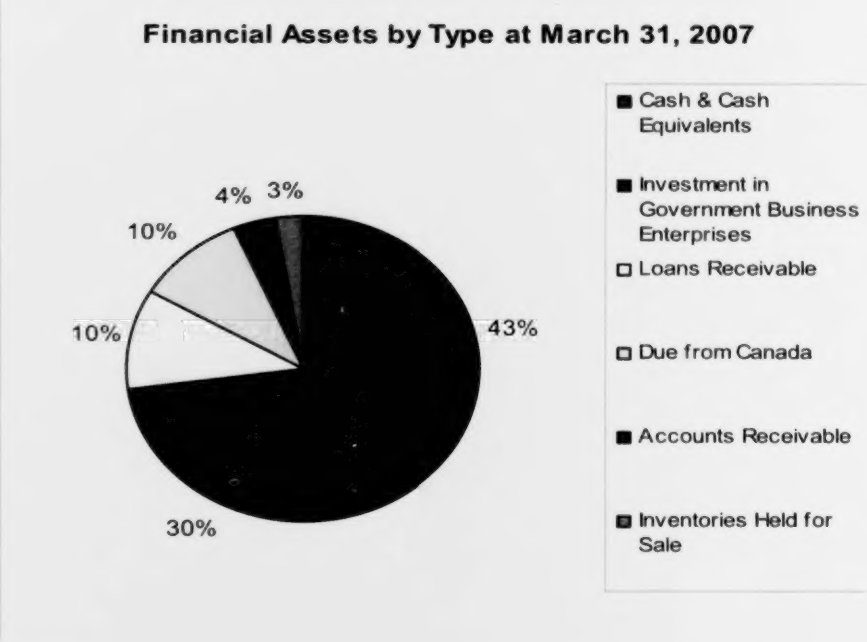
As for the type of expenses, the highest percentage was spent on wages and benefits (45%), followed by procurement of goods and services (33%), transfer payments (17%) and amortization expenses (5%). This ratio is consistent with the previous year.

Assets

Financial Assets

Financial assets consist of assets available to discharge existing liabilities or to finance future activities. At March 31, 2007, total financial assets were $470 million, an increase of $45 million from the previous year's total of $425 million. This increase is mainly attributable to the increase in cash and cash equivalents.

Financial assets by type are shown below:



Cash and cash equivalents, which amount to approximately $202 million, are comprised of cash on hand, bank balances, funds held in trust accounts on behalf of the Government and short-term investments that mature less than 90 days from the date of purchase. The largest portion of cash and cash equivalents is comprised of short-term investments which total approximately $108 million.

Investments in government business enterprises represent equities of self-sustainable corporations, the largest of which is the Yukon Development Corporation. The Yukon Energy Corporation, which supplies and sells power in the Yukon, is a wholly-owned subsidiary of the Yukon Development Corporation.

The Government has loans receivable of $49 million. 67% of loans receivable, or $33 million, are Yukon Housing Corporation mortgages receivable. In April 2006, in order to aid the financial restructuring of Dawson City, the Government wrote off $3.3 million of its loans receivable from Dawson City and restructured the remaining $1.5 million, including a bank loan.

Due from Canada, which amounts to approximately $48 million, represents claims receivable from the Government of Canada based on cost-sharing or service agreements. There is $14 million worth of unpaid claims by Indian and Northern Affairs Canada for services that the Government provides.

Non-financial assets

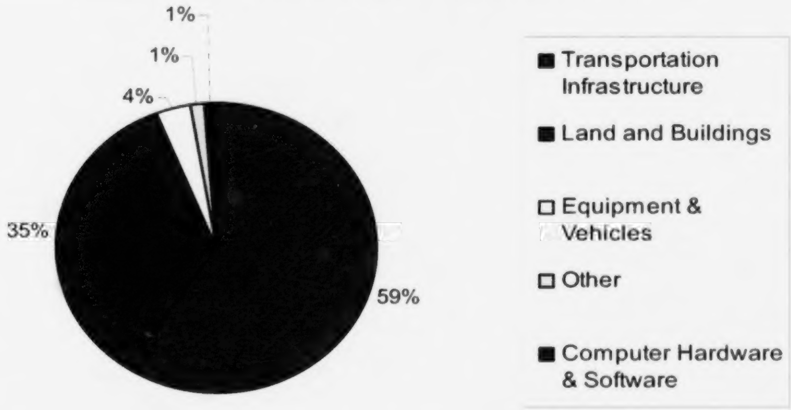
Non-financial assets are assets that do not normally provide resources to discharge existing liabilities, but instead are normally used to deliver government services or may be consumed in the normal course of operations. Non-financial assets include tangible capital assets, inventories, and prepaid expenses.

Tangible Capital Assets

At March 31, 2007, the Government owned and used tangible capital assets valued at $925 million for its program delivery, up $54 million from the previous year of $872 million. Of those assets, $487 million or 53%, are either funded by other governments or transferred from the Government of Canada as part of the transfer of various program responsibilities.

Tangible capital assets are composed of the following types:

Composition of Tangible Capital Assets at March 31, 2007



Transportation infrastructure comprises highways, bridges and airport runways. In accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the value of transferred Crown land is not reported as tangible capital assets.

Financial Statement Discussion and Analysis for the year ended March 31, 2007

In 2006-07, the Government made the following investment in tangible capital assets:

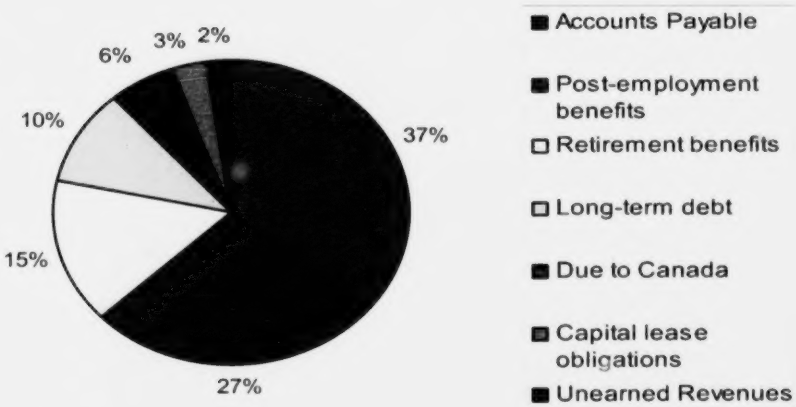
	(millions)
Opening balance at April 1, 2006	$872
Investment during the year	91
Less: Disposal and write-downs	(1)
Amortization	(37)
Balance at March 31, 2007	$925

Of the $91 million invested in tangible capital assets during the year, $47 million was funded by other governments. The largest capital funding the Government received in the fiscal year 2006-07 was from the U.S. Government under the Shakwak Agreement for reconstruction of the Alaska Highway. In 2006-07, the Government received $42 million (2006 - $29 million) pursuant to the Shakwak Agreement.

Liabilities

The liabilities of the Government at March 31, 2007 totaled $201 million ($203 million at March 31, 2006), which is equivalent to 43% of the financial assets of the Government. The total composition of liabilities by category remained reasonably consistent with the previous year's totals.

Liabilities by Type at March 31, 2007



Accounts Payable

Accounts payable includes accrued liabilities that were estimated prior to the receipt of actual invoices. Accounts payable increased from the previous year by $8 million or 12%, bringing the total payable to $73 million.

Post-employment Benefits

The Government's second largest liability, after accounts payable, is post-employment benefits. Post-employment benefits are to be provided to employees after employment but before retirement. These benefits consist of severance pay, sick leave and vacation leave benefits that are paid in cash when employment is terminated. Following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, the Government uses an actuary to estimate its post-employment benefit liability. As no money is set aside to fund this liability, the total future benefit obligation equals the liability. The post-employment benefit liability at March 31, 2007 was $54 million ($50 million at March 31, 2006).

Retirement Benefits

The retirement benefit liability of $31 million at March 31, 2007 represents the Government's extended health benefits that are provided to retired employees as well as various pension plan liabilities. The retirement benefit liabilities include those pension plan liabilities for the Members of Legislative Assembly, territorial court judges and employees of Yukon College and the Yukon Hospital Corporation. As the Yukon government employees participate in the Public Service Pension Plan administered by the Government of Canada, there is no pension liability for Yukon government employees. The Government contributed $24 million to the Public Service Pension Plan in 2006-07 (2006 - $24 million) as the employer's share.

In May 2007, the Government changed the level of its contributions towards retirees' extended health benefits. Until April 2007, the Government contributed approximately 65% of the benefit costs. Under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree. This change resulted in a reduction in the retirement benefit liability as at April 1, 2007 of $9.6 million. This saving will be recognized in the fiscal year 2007-08.

In the most recent actuarial valuations, both the Yukon College Employee Pension Plan and the Yukon Hospital Corporation Employee Pension Plan reported a deficit on a solvency basis. In order to address these solvency deficits, the Government entered into a funding agreement with the College to provide $1.25 million per year for five years and a contribution agreement with the Yukon Hospital Corporation to provide funding totaling $17 million over ten years.

Long-term Debt

The largest portion of the $21 million reported as long-term debt is mortgages payable by the Yukon Housing Corporation totaling $17 million. The Government does not believe there is any collection risk associated with these long-term debts.

Net Financial Resources and Accumulated Surplus

At March 31, 2007, the Government's financial assets exceed its liabilities, resulting in net financial resources of $269 million ($223 million at March 31, 2006). This important indicator shows that the Government has financial resources on hand at the time of reporting to finance future operations and that the Government is not relying on future revenues to provide current services.

Accumulated surplus consists of net financial resources and non-financial assets such as tangible capital assets. The accumulated surplus of the Government at March 31, 2007 was $714 million ($647 million at March 31, 2006).

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PART TWO

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of Yukon is the responsibility of management of the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. Where GAAP permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and control designed to provide timely and reliable information to users, to properly safeguard assets, and to ensure all financial transactions are in accordance with the *Yukon Act* (Canada), *Financial Administration Act* (Yukon) and regulations.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net financial resources and its cash flows for the year, in accordance with GAAP for the public sector. During the course of the audit, she also examines transactions that have come to her notice, to ensure they are, in all significant respects, in accordance with the statutory powers of the Government and those organizations included in the consolidation.

Annually, the consolidated financial statements are tabled in the Legislative Assembly as part of the Public Accounts, and are referred to the Public Accounts Committee.

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

September 26, 2007

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Legislative Assembly of Yukon

I have audited the consolidated statement of financial position of the Government of Yukon as at March 31, 2007 and the consolidated statements of operations, change in net financial resources, and cash flows for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 2007 and the results of its operations, the change in its net financial resources, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, in my opinion, the transactions of the Government and of those organizations listed in Note 2(a) to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government's powers under the *Yukon Act* and the *Financial Administration Act* and regulations and the legislative authorities and by-laws governing the organizations listed in Note 2(a).

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
September 26, 2007

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GOVERNMENT OF YUKON

Consolidated Statement of Financial Position
as at March 31, 2007

	2007	2006 (Restated - Note 3)
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 4)	$ 201,694	$ 146,781
Temporary investments (Note 5)	1,948	8,192
Due from Canada (Note 6)	48,491	57,359
Accounts receivable (Note 7)	17,355	10,693
Loans receivable (Note 8)	48,893	53,446
Inventories held for sale (Note 9)	12,336	12,494
Investment in government business enterprises (Note 10(a))	139,283	136,081
	470,000	425,046
Liabilities		
Due to Canada (Note 6)	12,158	12,466
Accounts payable and accrued liabilities (Note 11)	72,746	64,656
Unearned revenues	4,545	7,116
Post-employment benefits (Note 12)	54,118	49,918
Retirement benefits (Note 13)	30,522	34,375
Long-term debt (Note 14)	20,834	27,156
Capital lease obligations (Note 15)	5,963	6,831
	200,886	202,518
Net financial resources	**269,114**	**222,528**
Non-financial assets		
Tangible capital assets (Note 17)	925,358	871,505
Less deferred capital contributions (Note 18)	(486,546)	(453,137)
Inventories of supplies	4,933	5,018
Prepaid expenses	1,445	1,163
	445,190	424,549
Accumulated surplus	**$ 714,304**	**$ 647,077**

Contingencies, contractual obligations and guarantees
(Notes 10, 21, 23, 24, 25 and 27)

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Approved:

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Consolidated Statement of Operations
for the year ended March 31, 2007

	2007		2006
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Revenues (Schedule A)			
From Canada	$ 615,196	$ 658,819	$ 631,608
Taxes and general revenues	87,288	98,031	88,200
Investment income	5,886	9,445	8,041
Funding and service agreements with other parties	30,023	25,668	21,508
Amortization of deferred capital contributions	14,701	13,813	13,541
	753,094	805,776	762,898
Expenses (Note 19)			
Health and social services	185,785	201,299	185,561
Community and transportation	164,842	163,010	141,317
Education	131,703	132,329	126,254
General government	101,021	103,364	95,676
Natural resources	65,910	58,417	59,862
Justice	40,756	40,956	40,188
Business, tourism and culture	38,975	37,594	33,033
Interest on loans	2,562	2,083	2,324
	731,554	739,052	684,215
Recovery of prior years' expenses	-	503	1,146
Surplus for the year	**$ 21,540**	**67,227**	**79,829**
Accumulated surplus at beginning of year, previously reported		646,618	566,176
Prior year adjustment (Note 3)		459	1,072
Accumulated surplus at beginning of year, restated		647,077	567,248
Accumulated surplus at end of year		**$ 714,304**	**$ 647,077**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Change in Net Financial Resources for the year ended March 31, 2007

	2007		2006
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
	(thousands of dollars)		
Surplus for the year	$ 21,540	$ 67,227	$ 79,829
Effect of change in tangible capital assets			
Acquisitions	(81,365)	(91,038)	(89,611)
Capital contributions received and deferred	32,262	47,222	38,828
Amortization of tangible capital assets	36,571	36,560	36,037
Amortization of deferred capital contributions	(14,701)	(13,813)	(13,541)
Loss (gain) on disposal of tangible capital assets	1,076	225	(594)
Proceeds on disposal of tangible capital assets	-	308	3,416
Write-down of tangible capital assets	-	92	555
Write-down of deferred capital contributions	-	-	(96)
	(26,157)	(20,444)	(25,006)
Effect of change in other non-financial assets			
Decrease (increase) in inventories of supplies	-	85	(113)
Increase in prepaid expenses	-	(282)	(142)
	-	(197)	(255)
Increase (decrease) in net financial resources	**$ (4,617)**	**46,586**	**54,568**
Net financial resources at beginning of year, previously reported		222,389	167,208
Prior year adjustment (Note 3)		139	752
Net financial resources at beginning of year, restated		222,528	167,960
Net financial resources at end of year		**$ 269,114**	**$ 222,528**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

GOVERNMENT OF YUKON

Consolidated Statement of Cash Flows for the year ended March 31, 2007

	2007	2006 (Restated - Note 3(a))
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Canada	$ 662,140	$ 649,542
Taxes and general revenues	86,072	83,642
Funding and service agreements with other parties	18,931	24,432
Interest from investments and loans	11,448	7,220
	778,591	764,836
Cash paid for:		
Salary, wages and benefits	326,620	304,696
Materials, utilities and contract services	240,027	231,422
Transfer payments	118,330	96,628
Interest on loans and capital leases	2,903	3,308
	687,880	636,054
Cash provided by operating transactions	90,711	128,782
Capital transactions		
Acquisition of tangible capital assets	(95,706)	(84,543)
Contributions received for acquisition	54,972	35,509
Proceeds on sale of tangible capital assets	308	759
Cash used for capital transactions	(40,426)	(48,275)
Investing transactions		
Decrease (increase) in temporary investments	6,244	(6,255)
Investment in land held for sale	(6,190)	(6,985)
Proceeds from sale of land held for sale	8,488	10,121
Loans advanced	(9,108)	(7,712)
Loans repaid	9,229	10,562
Cash provided by (used for) investing transactions	8,663	(269)
Financing transactions		
Repayment of capital lease obligations	(868)	(906)
Repayment of long-term debt	(3,167)	(2,369)
Cash used for financing transactions	(4,035)	(3,275)
Increase in cash and cash equivalents	**54,913**	**76,963**
Cash and cash equivalents at beginning of year, previously reported	144,193	67,311
Prior year adjustment (Note 3(a))	2,588	2,507
Cash and cash equivalents at beginning of year, restated	146,781	69,818
Cash and cash equivalents at end of year (Note 4)	**$ 201,694**	**$ 146,781**

The accompanying notes and schedules are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements
March 31, 2007

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Budget

The Budget figures fully consolidate, on a line-by-line basis, the Main Estimates approved in the Legislative Assembly, which consists of the estimates of the Government departments and the Yukon Housing Corporation, with the budgets of Yukon College and the Yukon Hospital Corporation as approved by the respective Board of trustees. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity and method of consolidation

The consolidated financial statements include the accounts of all government sector entities and government not-for-profit organizations.

Government sector entities include departments and government-controlled corporations. Government not-for-profit organizations comprise government controlled education and health institutions.

The accounts of government sector entities and not-for-profit organizations, except for those that are commercial in nature and are classified as government business enterprises, are consolidated using the full consolidation method. With the full consolidation method, revenue and expense transactions, capital, investing and financing transactions, and related assets and liability accounts between consolidated entities have been eliminated.

The accounts of government business enterprises are consolidated using the modified equity method. Under the modified equity method of consolidation, the accounting policies of consolidated entities are not adjusted to conform with those of the government organizations that are consolidated using the full consolidation method. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

The entities that are deemed to be government partnerships are accounted for using the proportionate consolidation method. Under the proportionate consolidation method, the Government's pro rata share of each of the assets, liabilities, revenues and expenses, which are subject to shared control, is combined on a line-by-line basis. Inter-entity revenue and expense transactions and related asset and liability balances are eliminated to the extent of those pro rata amounts.

All accounts of the government reporting entity are consolidated using the financial information for the year ended March 31, 2007. As for the organizations that use a fiscal year-end other than March 31, the Government used their interim financial statements as at March 31, 2007.

Trusts administered by the Government on behalf of other parties (Note 20) are excluded from the government reporting entity.

The organizations comprising the government reporting entity, categorized by the consolidation method are as follows:

Full consolidation:

Government of Yukon departments
Yukon College
Yukon Hospital Corporation
Yukon Housing Corporation

Proportionate consolidation:

19596 Yukon Inc.

Modified equity:

Yukon Development Corporation
Yukon Liquor Corporation
Yukon Government Fund Limited

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. Pursuant to Bill C-13, the *Budget Implementation Act, 2006,* the exact amount of the grant for 2006/2007 is specified in the legislation. For future years 2007/2008 to 2013/2014, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007,* restored the Formula Financing grant to a principle based arrangement. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfer revenues are made in the year they are known.

The Government receives funds from the Government of Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or when the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, funds held in trust accounts on behalf of the Government, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Inventories held for sale include land that has been developed by the Government, repossessed houses and other supplies held for eventual sale. Land held for sale comprises the costs of acquiring, planning and developing serviced lots. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale. Repossessed houses and other supplies are recorded at the lower of cost and net realizable value.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, highway materials that are tracked through revolving funds and medical supplies of the Yukon Hospital Corporation. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures, all intangibles, and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 17 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Highways	$250,000	30 - 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 - 50 years
Airport runways	$50,000	26 - 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly, territorial court judges, and the employees of Yukon College and the Yukon Hospital Corporation are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments and corporate and personal income tax revenue.

3. Correction of errors in prior period financial statements

In 2006/2007, the Yukon Hospital Corporation, an entity that is consolidated using the full consolidation method, made the following prior year adjustments.

(a) First Nations health fund

Prior to 2006/2007, the Yukon Hospital Corporation accounted for the First Nations health fund as a trust fund with offsetting amounts of fund asset and liability reported on the balance sheet. Effective 2006/2007, the Yukon Hospital Corporation accounts for the First Nations health fund as part of its net assets. This accounting change is treated as a correction of an accounting error in prior periods and, consequently, has been applied retroactively with restatement of comparative amounts.

The effect of this accounting change on the 2006/2007 consolidated financial statements was an increase of the 2007 opening cash and cash equivalents, net financial resources and accumulated surplus of $2,588,000, a decrease of the current year surplus of $13,000, and an increase of the comparative year revenues and surplus of $81,000.

(b) Tangible capital assets

In 1994, the Government of Yukon transferred land on which the Whitehorse General Hospital was built to the Yukon Hospital Corporation at a nominal value of $2.00. Until 2005/2006, the Yukon Hospital Corporation accounted for this land at the same nominal value of $2.00. In 2006/2007, the Corporation recorded the estimated fair value of the land as of 1994 as the cost of the land. The effect of this correction of an accounting error was an increase of tangible capital assets and accumulated surplus of $1,009,000, which has been applied retroactively.

In 2006/2007, the Yukon Hospital Corporation removed the value of the equipment and furniture that were transferred from the Government of Yukon in 1994 at the cost of $689,000, as these tangible capital assets had not been in use. These assets had not been amortized since the time of the transfer. The correction of this accounting error has been applied retroactively, and the value of tangible capital assets and the opening balances of accumulated surplus have been decreased by $689,000.

(c) Retirement benefits

Prior to 2006/2007, the Yukon Hospital Corporation was not valuing or recording its pension plan liability in accordance with the CICA Accounting Standard Section 3461, Employee Future Benefits. In 2006/2007, the Corporation adopted the recommendations of Section 3461. The correction of this accounting error was applied retroactively; the effects of the retroactive adjustment on the 2005/2006 consolidated financial statements were an increase of liabilities and a decrease of net financial resources and accumulated surplus by $2,449,000, and an increase of expenses and a decrease of surplus by $694,000. The effect of this correction on the current period was a decrease of expenses and an increase of surplus for the year of $4,776,000.

The following is a summary of the effects of the above prior-year adjustments on the 2005/2006 consolidated financial statements:

(thousands of dollars)	March 2006 as previously reported	Adjustments				March 2006 as restated
		First Nations health fund	Tangible capital assets	Retirement benefits	Total adjustments	
Financial assets	$ 422,458	$ 2,588	$ -	$ -	$ 2,588	$ 425,046
Liabilities	$ 200,069	$ -	$ -	$ 2,449	$ 2,449	$ 202,518
Net financial resources	$ 222,389	$ 2,588	$ -	$ (2,449)	$ 139	$ 222,528
Non-financial assets	$ 424,229	$ -	$ 320	$ -	$ 320	$ 424,549
Revenues	$ 762,817	$ 81	$ -	$ -	$ 81	$ 762,898
Expenses	$ 683,521	$ -	$ -	$ 694	$ 694	$ 684,215
Surplus for the year	$ 80,442	$ 81	$ -	$ (694)	$ (613)	$ 79,829
Accumulated surplus at beginning of year	$ 566,176	$ 2,507	$ 320	$ (1,755)	$ 1,072	$ 567,248
Accumulated surplus at end of year	$ 646,618	$ 2,588	$ 320	$ (2,449)	$ 459	$ 647,077

4. Cash and cash equivalents

	2007	2006 (Restated – Note 3(a))
	(thousands of dollars)	
Short-term investments	$ 107,668	$ 78,010
Funds held for the Government by trustees	73,519	44,654
Bank balances	20,438	24,049
Cash on hand	69	68
	$ 201,694	$ 146,781

5. Temporary investments

	2007		2006	
	Market Value	Book Value	Market Value	Book Value
	(thousands of dollars)			
Bankers' acceptance	$ 1,948	$ 1,948	$ 1,900	$ 1,900
Commercial paper	-	-	4,971	4,975
Term deposits	-	-	1,321	1,321
	$ 1,948	$ 1,948	$ 8,192	$ 8,196

Bankers' acceptance have terms of maturity of less than one year from the date of acquisition. Temporary investments during the year had a weighted average effective yield of 4.20% (2006 – 3.14%) per annum.

6. Due from/to Government of Canada

	2007	2006
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	$ 45,424	$ 50,742
Income tax receivable	2,782	-
Grant receivable	-	6,333
Other	285	284
	$ 48,491	$ 57,359
Due to Government of Canada		
Public Service Pension Plan contribution payable	$ 3,799	$ 4,074
Payroll deductions payable	3,498	3,325
RCMP	3,446	3,367
Other	1,415	1,700
	$ 12,158	$ 12,466

Amounts due from and due to Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

Notes to Consolidated Financial Statements
March 31, 2007

7. Accounts receivable

	2007	2006
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 15,268	$ 9,147
Less valuation allowances	(1,409)	(1,443)
	13,859	7,704
Due from Territorial corporations	3,496	2,989
	$ 17,355	$ 10,693

8. Loans receivable

	2007	2006
	(thousands of dollars)	
Yukon Housing Corporation mortgages receivable, due in varying annual amounts to the year 2022, bearing interest rates ranging from 0.0% to 8.3%	$ 33,302	$ 33,213
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2012, bearing interest rates ranging from 4.8% to 8.5%	6,803	8,042
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 4.0% to 11.4%	4,729	8,114
Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 8.9%	3,321	3,105
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 12.0%	2,363	3,332
Others	1,542	1,216
Less valuation allowances	(3,167)	(3,576)
	$ 48,893	$ 53,446

9. Inventories held for sale

	2007	2006
	(thousands of dollars)	
Land held for sale		
Raw land	$ 45	$ 45
Land under development	5,751	7,684
Developed land	6,327	4,317
	12,123	12,046
Other	213	448
	$ 12,336	$ 12,494

10. Investment in government business enterprises

(a) Summary financial statements

Summary financial statements of the government entities accounted for by the modified equity method are provided below. The Yukon Development Corporation and the Yukon Government Fund Limited have a fiscal year end of December 31. The Yukon Liquor Corporation has a fiscal year end of March 31.

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2007 Total	2006 Total
			(thousands of dollars)		
Balance Sheet					
Assets					
Current	$ 15,175	$ 1,914	$ 3,627	$ 20,716	$ 26,761
Investments	2,473	-	-	2,473	3,175
Capital assets	151,208	-	2,051	153,259	153,063
Other	11,721	-	-	11,721	9,832
	$ 180,577	$ 1,914	$ 5,678	$ 188,169	$ 192,831
Liabilities					
Current	$ 3,904	$ 6	$ 2,994	$ 6,904	$ 5,813
Long-term debt	20,592	500	-	21,092	30,122
Other	20,141	116	633	20,890	20,815
Equity	135,940	1,292	2,051	139,283	136,081
	$ 180,577	$ 1,914	$ 5,678	$ 188,169	$ 192,831
Statement of Operations and Equity					
Revenues	$ 28,577	$ 200	$ 13,217	$ 41,994	$ 39,628
Expenses	25,093	159	7,297	32,549	31,587
Surplus	3,484	41	5,920	9,445	8,041
Remitted to the Government	-	-	(6,243)	(6,243)	(5,208)
Equity, beginning of year	132,456	1,251	2,374	136,081	133,248
Equity, end of year	$ 135,940	$ 1,292	$ 2,051	$ 139,283	$ 136,081

Equity represents the Government's investment in the government business enterprises.

(b) Inter-entity balances and transactions

	Yukon Development Corporation	Yukon Government Fund Limited	Yukon Liquor Corporation	2007 Total	2006 Total
			(thousands of dollars)		
Government of Yukon:					
Accounts receivable from	$ 238	$ -	$ 1,960	$ 2,198	$ 1,477
Loans receivable from	-	116	-	116	116
Accounts payable to	1,218	-	18	1,236	1,095
Long-term obligations to	3,090	-	-	3,090	4,836
Revenues from	576	-	1,187	1,763	1,437
Expenses to	10,095	33	1	10,129	9,195

(c) Interest rate swap agreements – Yukon Development Corporation

Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged.

Yukon Development Corporation (YDC) has entered into an interest rate swap agreement with the Toronto Dominion Bank to reduce its exposure to fluctuations in interest rates on a portion of its debt by exchanging YDC's interest payments calculated at a floating banker's acceptance discount rate of 4.35% at March 31, 2007, for fixed payments calculated at 4.62%. The swap agreement originated on March 30, 2005 and matures on March 30, 2017 with quarterly net settlements. The notional amount of the interest rate swap, which is reset quarterly to match a portion of the principal on the debt, was $6,964,000 as at March 31, 2007.

The fair market value of the swap agreement as at March 31, 2007 was $78,000 (2006 - $36,000).

(d) Commitments

Yukon Development Corporation

The Yukon Energy Corporation (YEC), the wholly-owned subsidiary of the Yukon Development Corporation, has provided an option to two Yukon First Nations to acquire up to a $14,470,000 "indirect interest" in the Mayo-Dawson transmission line system project. The option agreement provides for issuance by YEC of a long-term debt instrument repayable over 40 years, bearing interest equal to YEC's blended cost of capital, including a component limited to YEC's realized return on equity. The option expired on January 4, 2007. In accordance with the agreement, one First Nation exercised the option to extend this deadline.

On March 27, 2007, the Government of Yukon announced the continuation of the Rate Stabilization Fund from April 1, 2007 until July 1, 2007. On June 4, 2007 the Government announced the continuation of the Rate Stabilization Fund from July 1, 2007 until June 30, 2008 with the Yukon Development Corporation required by OIC 2007/95 to make Rate Stabilization Fund payments at 50% of the previous levels. The Rate Stabilization payments are contributions of internally generated funds.

(e) Guarantees

The Government has guaranteed debts of the Yukon Development Corporation of $20.6 million (2006-$22.4 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Energy Corporation of up to $10.0 million. The Government does not expect that any significant costs will be incurred with respect to these guarantees.

(f) Contingencies

The Yukon Energy Corporation (YEC) completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, YEC and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis. In November 2006, YEC and the general contractor appeared in Yukon Supreme Court on an application to determine a legal process for settlement. The court has yet to render a decision. To date, YEC has insufficient information to assess its financial exposure.

11. Accounts payable and accrued liabilities

	2007	2006
	(thousands of dollars)	
Accrued liabilities	$ 33,392	$ 28,831
Accounts payable	31,332	30,316
Contractors' holdbacks and security deposits	5,589	3,684
Due to Territorial corporations	2,433	1,825
	$ 72,746	$ 64,656

12. Post-employment benefits

	2007	2006
	(thousands of dollars)	
Severance benefits	$ 43,934	$ 42,166
Sick leave obligation	15,125	14,661
Vacation leave obligation	11,917	11,511
Unrecognized net actuarial loss	(16,858)	(18,420)
	$ 54,118	$ 49,918

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2007, the Government assumed a discount rate of 5.75% and general salary increases of 2.5%. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 10.6 years.

Expenses related to post-employment benefits for the year ended March 31, 2007 were $9,854,000 (2006 - $6,043,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $5,401,000 (2006 - $4,336,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

13. Retirement benefits

(a) Public Service Pension Plan

The employees of the Yukon Government and the Yukon Housing Corporation participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. The Government contributes $2.14 for every dollar contributed by the employee. If an employee's annual salary is greater than $126,500 (2006 - $120,300), the portion of the employee's salary above this amount is subject to an employer contribution of $7.00 (2006 - $7.20) for every dollar contributed by the employee. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $24,276,000 (2006 - $23,897,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act*. The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation was conducted as at March 31, 2005 based on March 31, 2005 membership data. The accrued benefit obligation as at March 31, 2007 is calculated using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

The judiciary registered pension plan is a contributory defined benefit pension plan. In this plan, benefits are accumulated at an annual amount of 2% multiplied by the number of years of credited service multiplied by the annual average of the member's highest five consecutive years of earnings. A member's credited service is limited to a maximum of 35 years. The judiciary retirement compensation arrangement was established for the purpose of providing benefits to members with respect to pensionable service earnings that are in excess of the maximum pension limits of the judiciary registered pension plan as required by the *Income Tax Act* (Canada). Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for these two plans are held separate and distinct from the Government's operations, and are managed by an investment manager.

The supplementary judiciary pension plan is supplemental to benefits provided under the judiciary registered pension plan and the judiciary retirement compensation arrangement. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no contributions are to be made to this plan, and no fund is to be maintained for the plan. In this plan, the annual amount of pension payable to a member equals 3% of the average annualized pensionable earnings of a member over the 24 months during which pensionable earnings are highest multiplied by the number of years of credited service, subject to a maximum of 70% of those earnings, minus actual benefits accumulated under the judiciary registered pension plan and the judiciary retirement compensation arrangement.

An actuarial valuation for the Plan was performed for accounting purposes using the membership data as at March 31, 2006. A valuation for funding purposes for the registered pension plan component of the Plan was conducted as at January 31, 2006. The next valuation for funding purposes will be done as at March 31, 2008.

(d) Yukon College Employees' Pension Plan

The Yukon College Employee's Pension Plan is a contributory defined benefit pension plan. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings. For any unfunded pension liability, the College is contributing the balance of the costs of the plan as determined by the actuary. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan.

The College's pension information included in these consolidated financial statements is based on the measurement date of June 30, 2006. The most recent actuarial valuation for funding purposes, which was performed as of June 30, 2006, indicates that the surplus on an ongoing basis has increased since the last valuation as of June 30, 2005 from $4.4 million to $6.1 million; the deficit on a solvency basis has decreased from $2.7 million to $2.1 million; and assuming that the member contributions remain at the rates in effect as at July 1, 2006, the minimum required contribution for the College is 247% of members' contributions plus annual special payments of $464,000.

The Government has provided a funding commitment to the College of $1,251,600 per year for five years to address the solvency deficit. The first of these payments was made in April 2006.

(e) Yukon Hospital Corporation Employees' Pension Plan

The Yukon Hospital Corporation Employees' Pension Plan is a contributory defined benefit pension plan, which provides defined retirement benefits based on the length of service and final average earnings of an employee, and is administered by the Corporation's Board of Trustees. A separate pension fund is maintained to hold plan assets. The Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund.

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31. The most recent actuarial valuation for accounting purposes was performed as of December 31, 2006. The funded status of the pension plan on an ongoing basis as at December 31, 2006 was a deficit of $1,664,000, while, on a solvency basis, the deficit was $4,300,000.

In accordance with the *Federal Pension Benefits Standards Act* and Regulations, the Corporation contributes special payments to eliminate the solvency shortfall. The amounts have been determined by an actuary as follows: quarterly payments of $135,750 per year over five years retroactive to 2004 and quarterly payments of $181,400 per year over five years retroactive to 2005. These amounts are subject to re-evaluation after each actuarial valuation. In order to address the deficit on a solvency basis, in December 2006, the Government entered into a contribution agreement with the Corporation to provide funding totalling $17 million over ten years.

(f) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2007, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees (Note 27(b)). An actuarial valuation of these benefits was conducted as of March 31, 2006. There are no plan assets.

Further details as at March 31, 2007 on the accrued benefit obligation, plan assets, accrued benefit liability/asset, benefit cost and assumptions used for the above retirement benefits are provided in Schedule C. The retirement benefits liability recorded in the Government's consolidated financial statements is as follows:

	2007	2006 (Restated - Note 3(c))
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule C)		
Extended health care retirement benefit	$ 34,607	$ 31,949
Territorial Court Judiciary Pension Plan	3,126	2,867
Life insurance retirement benefit	1,166	1,114
Legislative Assembly Retirement Allowances Plan	(1,387)	(180)
Yukon Hospital Corporation Employees' Pension Plan	(2,327)	2,449
Yukon College Employees' Pension Plan	(4,663)	(3,824)
	$ 30,522	$ 34,375

14. Long-term debt

	2007	2006
	(thousands of dollars)	
Mortgages, with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments with maturities up to the year 2029, bearing fixed interest rates ranging from 4.3% to 12.5%.	$ 16,683	$ 17,763
Canada Mortgage and Housing Corporation loans, repayable in blended annual payments with maturities up to the year 2028, bearing fixed interest rates ranging from 5.0% to 13.5%.	3,755	3,985
Flexible term note payable to the Yukon Development Corporation, bearing interest rate at 7.5% repayable in annual instalments, based on the annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $477,000 (2006 - $566,000).	396	396
Other	-	5,012
	$ 20,834	$ 27,156

Principal repayment requirements over the next five years on outstanding long-term debt are as follows:

	(thousands of dollars)
2008	$ 1,301
2009	1,392
2010	1,492
2011	1,598
2012	1,636
Thereafter	13,415
	$ 20,834

Debt authority

The Government of Canada, pursuant to subsection 23(2) of the *Yukon Act* (Canada), has approved the Government borrowing up to $138 million.

	2007	2006
	(thousands of dollars)	
Debt of the consolidated entities:		
Government business enterprises		
Yukon Development Corporation, long-term debt	$ 20,592	$ 22,372
Yukon Government Fund Limited, term loans	500	7,750
	21,092	30,122
Fully and proportionately consolidated entities		
Yukon Housing Corporation, mortgages payable	16,683	17,763
Yukon Housing Corporation, CMHC loans	3,755	3,985
Government of Yukon, loans from Government of Canada (current)	3,154	3,726
	23,592	25,474
Total debt	44,684	55,596
Authorized borrowing limit	138,000	138,000
Available borrowing capacity	$ 93,316	$ 82,404

15. Capital lease obligations

	2007	2006
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 2,694	$ 3,154
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	2,608	2,884
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	661	793
	$ 5,963	$ 6,831

Interest expense related to capital lease obligations for the year was $783,000 (2006- $976,000) at an imputed average interest rate of 12.6% (2006 – 10.9%).

The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2008	$ 2,164
2009	2,164
2010	2,164
2011	2,042
2012	1,273
Thereafter	755
Total minimum lease payments	10,562
Less: amount representing executory costs	(2,069)
amount representing rental of land	(538)
amount representing interest	(1,992)
	$ 5,963

16. Financial instruments

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Long-term investments				
Mortgages receivable, net of valuation allowance	$ 32,041	$ 32,207	$ 31,686	$ 32,191
Loans receivable, net of valuation allowance	16,852	16,852	21,760	21,760
	$ 48,893	$ 49,059	$ 53,446	$ 53,951
Long-term debt				
Mortgages payable	$ 16,683	$ 16,815	$ 17,763	$ 18,916
CMHC loans	3,755	4,128	3,985	4,291
Other	396	455	5,408	5,581
	$ 20,834	$ 21,398	$ 27,156	$ 28,788
Capital lease obligations	$ 5,963	$ 6,796	$ 6,831	$ 8,147

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations and long-term debt is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

17. Tangible capital assets

	2007 Net Book Value	2006 Net Book Value (Restated – Note 3(b))
	(thousands of dollars)	
Land	$ 8,526	$ 7,847
Buildings	312,559	297,590
Equipment and vehicles	33,376	34,507
Computer hardware and software	10,093	8,966
Transportation infrastructure	548,809	513,625
Other	11,995	8,970
(Schedule B)	$ 925,358	$ 871,505

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $3.5 million (2006 - $3.4 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $635,000 (2006 - $960,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2007	2006
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 8,820
Less accumulated amortization	(2,539)	(1,904)
	$ 6,281	$ 6,916

18. Deferred capital contributions

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as the Government of Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2007	2006
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 453,137	$ 428,529
Add: Assets transferred or funded during the year	47,222	38,828
Less: Disposal	-	(583)
Write-down	-	(96)
Amortization	(13,813)	(13,541)
Deferred capital contributions, end of year (Schedule B)	$ 486,546	$ 453,137

19. Expenses by object

	2007	2006 (Restated - Note 3(c))
	(thousands of dollars)	
Personnel	$ 327,820	$ 307,352
Transfer payments	122,895	98,358
Contract and special services	102,769	101,550
Materials, supplies and utilities	83,488	80,783
Amortization expenses	36,560	36,037
Communication and transportation	24,715	22,737
Interest on long-term debt and capital lease obligations	2,866	3,300
Other	37,939	34,098
	$ 739,052	$ 684,215

20. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2007	2006
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 148,776	$ 140,214
Federal Gas Tax Funds under the New Deal	7,725	4,509
Forest Sector Fund	4,321	3,168
Lottery Commission	2,902	2,814
Land Title Office – Assurance Fund	2,872	2,654
Crime Prevention and Victim Services	2,707	2,453
Water Resources Bonds	2,583	2,582
Historic Resources Trust Fund	1,189	1,177
Public Guardian Trust	552	736
Other	2,356	2,481
	$ 175,983	$ 162,788

21. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2007.

	Expiry Date	2008	2009 – 2019	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2007	2019	$ 21,505	$ 11,191	$ 32,696
(recoverable amount)		(15,400)	(4,148)	(19,548)
RCMP policing agreement	2012	13,172	56,760	69,932
Northern housing trust grants	2008	25,734	-	25,734
Building/office space leases	2016	7,242	14,454	21,696
Miscellaneous operational commitments	2016	9,762	4,741	14,503
		$ 62,015	$ 82,998	$ 145,013

22. Over-expenditure

During the year, one (2006 - two) department exceeded their vote by a total of $82,000 (2006 - $1,714,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:	(thousands of dollars)
Operations and maintenance	
Community Services	$ 82

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2006 – four) department exceeded the authorized amounts as follows:

Operations and maintenance grants	
Health and Social Services	
- Adoption subsidies	8
- Federal child benefit - Whitehorse	3
- Yukon seniors' income supplement	4
- Pioneer utility grant	18
- Medical travel subsidies	621
- Bursaries – health professional	80

23. Land claims

Between February 1995 and March 31, 2007, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with the Government of Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $4.4 million during the year (2006 - $7.4 million) with cumulative expenditures of approximately $45.0 million (2006 - $40.6 million), of which $42.1 million (2006 - $39.5 million) was funded by the Government of Canada.

24. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2007 the Government estimated the total claimed amount to be about $2.2 million (2006 - $2.4 million). No provision for claims has been made in these financial statements as it is not likely that any future event will confirm that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $562,000 as at March 31, 2007 (2006 - $438,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2007 was $3.1 million (2006 - $2.1 million.)

25. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2007, the Government was aware of 55 sites where the Government is obligated or is likely obligated to incur such costs. Of the 55 sites, nine are airports and 19 are highway maintenance camps, the majority of which are awaiting assessment. Consequently, costs to remedy any possible contaminations on these sites cannot be reasonably estimated. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at $687,000, which has been recorded as a liability and reported as part of accrued liabilities. The Government is committed to assess all the sites in a systematic manner.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 55 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2007, a liability in the amount of $535,000 has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. As the likelihood of the Government's obligation to incur any remediation costs is not determinable at this point, no liability has been recorded for this site.

Based on a consultant's report prepared in October 2006, the Government estimates the contingent environmental liabilities for all the sites mentioned above could total $8 million.

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, where they have been abandoned by their owner/operator. The Government is not aware of any financial obligations in relation to these mine sites.

26. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2007	2006
	(thousands of dollars)	
Transfer payments		
Yukon Legal Services Society	$ 1,510	$ 1,511
Yukon Arts Centre Corporation	956	1,043
Yukon Human Rights Commission	451	451
	$ 2,917	$ 3,005

27. Subsequent events

(a) Carmacks-Stewart transmission project

In April 2007, the Government made a commitment to the Yukon Energy Corporation to fund up to $10 million for Stage One of the Carmacks-Stewart transmission project, which involves the construction of a power line from Carmacks to Pelly Crossing. The Government's funds are to be applied to those Stage One capital costs not already committed for funding by Minto Explorations Ltd. and the Yukon Development Corporation, the Yukon Energy Corporation's parent company. The Yukon Energy Corporation estimates that the power line will be constructed and operational by the latter part of the 2008 calendar year.

(b) Plan amendment – retiree extended health care costs

Effective May 2007, the Government changed the level of its contributions for the retiree extended health care costs. Until April 2007, the Government contributed approximately 65% of the benefit costs (Note 13(f)). Under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree as indicated in the table below. This change resulted in a reduction in the accrued benefit obligation as at April 1, 2007 by $9,619,000. The Government intends to recognize the reduction in the accrued benefit obligation as a negative past service cost in the fiscal year 2007/2008.

Less than 5 years	0%
5 years, but less than 10 years	15%
10 years, but less than 15 years	35%
15 years, but less than 20 years	50%
20 or more years	65%

(c) Investments in Asset Backed Commercial Paper

In August 2007, the Government learned that its $36.5 million worth of investments in the Asset Backed Commercial Paper (ABCP) from two trusts, purchased in July and August of 2007 and maturing on August 31 and September 4, 2007, would not be redeemed upon maturity. Due to extreme volatility in the global credit markets, the ABCP market experienced a sudden, rapid exodus of investors, and certain banks and other lenders responsible for providing bank liquidity facilities were refusing to provide funds during this market disruption.

On August 16, 2007, a consortium representing banks, asset providers and investors agreed in principle to a long-term proposal and an interim agreement regarding the ABCP. The restructuring proposal calls for the conversion of the ABCP into long-term floating rate notes that will pay interest monthly or quarterly and can be sold on the open market or be held to maturity. In the interim, holders of the ABCP will continue to re-invest maturing investments.

It is still too early to determine the final outcome of the situation and the resulting financial impact to the Government, if any. The Government is actively monitoring the situation. The Government does not currently expect the ABCP market situation to have an impact on its future cash flow needs.

28. **Comparative figures**

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.

GOVERNMENT OF YUKON

Schedule A

Consolidated Schedule of Revenues by Source
for the year ended March 31, 2007

(thousands of dollars)

	2007		2006
	Budget (Note 1(b))	Actual	Actual (Restated - Note 3)
From Canada			
Formula Financing grant	$ 505,918	$ 516,819	$ 494,140
Other grants	52,727	92,897	90,067
Contributions and service agreements	56,551	49,103	47,401
	615,196	658,819	631,608
Taxes and general revenues			
Income taxes	44,080	48,415	43,200
Other taxes	19,426	20,797	19,641
Interest - bank and other	5,345	11,001	6,977
Licences, permits and fees	8,012	9,996	9,109
Gain on sale of lots	126	1,788	847
Oil and gas resource revenue	6,016	1,777	4,146
Hospital revenues	2,293	1,470	1,477
Aviation operations	661	772	707
Fines	408	406	386
Other revenues	921	1,609	1,710
	87,288	98,031	88,200
Investment income			
Yukon Liquor Corporation	5,886	5,920	5,218
Yukon Development Corporation	-	3,484	2,567
Yukon Government Fund Limited	-	41	256
	5,886	9,445	8,041
Funding and service agreements with other parties	30,023	25,668	21,508
Amortization of deferred capital contributions	14,701	13,813	13,541
	$ 753,094	**$ 805,776**	**$ 762,898**

GOVERNMENT OF YUKON

Schedule B

Consolidated Schedule of Tangible Capital Assets for the year ended March 31, 2007

(thousands of dollars)

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other[1]	2007 Total (Note 17)	2006 Total (Restated - Note 3(b))
Cost of tangible capital assets, opening (Restated - Note 3(b))	$ 7,847	$ 487,183	$ 83,441	$ 28,542	$ 663,641	$ 12,019	$ 1,282,673	$ 1,203,133
Acquisitions	679	28,782	4,673	3,646	49,827	3,431	91,038	89,611
Write-downs	-	(29)	(14)	-	(49)	-	(92)	(555)
Disposals	-	(1,162)	(3,464)	(1,034)	-	-	(5,660)	(9,516)
Cost of tangible capital assets, closing	8,526	514,774	84,636	31,154	713,419	15,450	1,367,959	1,282,673
Accumulated amortization, opening	-	189,593	48,934	19,576	150,016	3,049	411,168	381,242
Amortization expense	-	13,621	5,449	2,490	14,594	406	36,560	36,037
Disposals	-	(999)	(3,123)	(1,005)	-	-	(5,127)	(6,111)
Accumulated amortization, closing	-	202,215	51,260	21,061	164,610	3,455	442,601	411,168
Net book value	**$ 8,526**	**$ 312,559**	**$ 33,376**	**$ 10,093**	**$ 548,809**	**$ 11,995**	**$ 925,358**	**$ 871,505**
Work-in-progress[2]		$ 14,624	$ -	$ 2,442	$ 59,837	$ 2,509	$ 79,412	$ 80,347
Deferred capital contributions (Note 18)		$ 62,261	$ 958	$ 1,996	$ 416,742	$ 4,589	$ 486,546	$ 453,137

[1] Includes portable classrooms, land improvements and fixtures.

[2] Included in net book value.

GOVERNMENT OF YUKON

Schedule C

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2007

(thousands of dollars)

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2007 Total	2006 Total (Restated - Note 3 (c))
Pension and retirement plan assets are valued at fair market value.								
Accrued benefit obligation								
Obligation at beginning of year	$ 16,733	$ 4,525	$ 29,539	$ 1,074	$ 36,610	$ 37,071	$ 125,552	$ 110,857
Current service costs	642	328	1,306	37	2,816	2,887	8,016	6,095
Transfer from PSSA	-	-	-	-	-	-	-	2,452
Interest cost on benefit obligation	1,105	312	1,767	64	1,927	1,850	7,025	6,955
Actuarial (gain) loss	-	(193)	-	-	(2,933)	(2,177)	(5,303)	1,214
Benefits paid	(665)	(49)	(188)	(45)	(2,634)	(851)	(4,432)	(2,021)
Accrued benefit obligation at end of year	$ 17,815	$ 4,923	$ 32,424	$ 1,130	$ 35,786	$ 38,780	$ 130,858	$ 125,552
Plan assets								
Value at beginning of year	$ 22,656	$ 2,459	$ -	$ -	$ 38,022	$ 28,140	$ 91,277	$ 78,171
Actual return on plan assets	2,052	156	-	-	3,015	3,814	9,037	8,124
Employer contributions	722	49	188	45	2,309	5,675	8,988	3,471
Member contributions	79	59	-	-	679	703	1,520	1,262
Transfer from PSSA	-	-	-	-	-	-	-	2,452
Benefits paid	(665)	(49)	(188)	(45)	(2,634)	(851)	(4,432)	(2,021)
Actual plan expenses	-	-	-	-	-	(365)	(365)	(182)
Value at end of year	$ 24,844	$ 2,674	$ -	$ -	$ 41,391	$ 37,116	$ 106,025	$ 91,277
Funded status - plan deficit (surplus)	$ (7,029)	$ 2,249	$ 32,424	$ 1,130	$ (5,605)	$ 1,664	$ 24,833	$ 34,275
Unamortized net actuarial gain (loss)	5,642	877	2,183	36	1,344	(1,443)	8,639	1,862
Unamortized past service costs	-	-	-	-	(402)	(905)	(1,307)	(1,546)
Employer contribution made after measurement date	-	-	-	-	-	(1,643)	(1,643)	(216)
Accrued benefit liability (asset) (Note 13)	$ (1,387)	$ 3,126	$ 34,607	$ 1,166	$ (4,663)	$ (2,327)	$ 30,522	$ 34,375

GOVERNMENT OF YUKON

Schedule C
Continued

Consolidated Schedule of Retirement Benefits
for the year ended March 31, 2007

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	Yukon College Employees' Pension Plan	Yukon Hospital Corporation Employees' Pension Plan	2007 Total	2006 Total (Restated - Note 3 (c))
				(thousands of dollars)				
Net benefit cost								
Current service costs	$ 642	$ 328	$ 1,306	$ 37	$ 2,816	$ 3,026 [1]	$ 8,155	$ 6,199
Less: Member contributions	(79)	(59)	-	-	(679)	(703)	(1,520)	(1,262)
Interest cost on benefit obligation	1,105	312	1,767	64	1,927	1,850	7,025	6,955
Expected return on plan assets	(1,477)	(162)	-	-	(2,674)	(2,158)	(6,471)	(5,460)
Amortization of past service costs	-	-	-	-	81	-	81	81
Amortization of net actuarial (gain) loss	(676)	(111)	(227)	(4)	-	153	(865)	(84)
Plan amendments	-	-	-	-	-	157	157	157
Net cost for the year	$ (485)	$ 308	$ 2,846	$ 97	$ 1,471	$ 2,325	$ 6,562	$ 6,586
Assumptions								
Expected long-term rate of return on assets	6.5%	6.5%	N/A	N/A	7.0%	7.0%		
Discount rate on accrued benefit obligation	6.5%	6.5%	5.75%	5.75%	5.75%	5.25%		
Inflation	2.5%	2.5%	N/A	N/A	2.0%	2.5%		
Rate of compensation increase	2.5% [2]	2.5%	2.5%	N/A	4.0%	3.0%		
Health care cost trend rate	N/A	N/A	see below [3]	N/A	N/A	N/A		
Amortization period (expected average remaining service life)	8.5 years	7.2 years	10.6 years	10.6 years	10 years	9.74 years		

[1] Includes $139,000 for provision of administrative expenses.

[2] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[3] 11.6% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

PART THREE

NON-CONSOLIDATED FINANCIAL STATEMENTS

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SECTION I

GOVERNMENT OF YUKON

FINANCIAL STATEMENTS

(unaudited)

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GOVERNMENT OF YUKON

Statement of Financial Position
as at March 31, 2007

	2007	2006
	(thousands of dollars)	
Financial assets		
Cash and cash equivalents (Note 3)	$ 190,393	$ 130,784
Temporary investments	-	4,971
Due from Canada (Note 4)	47,457	55,869
Accounts receivable (Note 5)	15,353	9,455
Advances to Territorial corporations (Note 6)	27,721	30,436
Loans receivable (Note 7)	18,375	23,643
Land held for sale (Note 8)	12,123	12,046
	311,422	267,204
Liabilities		
Due to Canada (Note 4)	11,835	12,436
Accounts payable and accrued liabilities (Note 9)	68,486	59,640
Unearned revenues	2,644	3,549
Post-employment benefits (Note 10)	49,731	45,730
Retirement benefits (Note 11)	37,512	35,750
Long-term debt	-	3,726
Capital lease obligations (Note 12)	5,963	6,831
	176,171	167,662
Net financial resources	**135,251**	**99,542**
Non-financial assets		
Tangible capital assets (Note 14)	894,337	838,566
Less deferred capital contributions (Note 15)	(489,517)	(455,627)
Inventories of supplies	4,038	4,220
Prepaid expenses	1,750	1,671
	410,608	388,830
Accumulated surplus	**$ 545,859**	**$ 488,372**

Contingencies, contractual obligations and guarantees
(Notes 18, 20, 21, 22, and 23)

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

Approved:

David Hrycan

David Hrycan, CMA
Deputy Minister of Finance

Dennis Fentie
Minister of Finance

GOVERNMENT OF YUKON

Statement of Operations
for the year ended March 31, 2007

	2007		2006
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Revenues (Schedule A)			
From Canada			
Formula Financing grant	$ 505,918	$ 516,819	$ 494,140
Other grants	52,727	92,897	89,993
Contributions and service agreements	50,014	42,170	39,082
Taxes and general revenues	86,427	98,586	87,765
Funding and service agreements with other parties	21,564	20,178	17,775
Amortization of deferred capital contributions	14,701	13,794	13,522
	731,351	784,444	742,277
Expenses (Note 16 and Schedule B)	709,701	727,460	668,482
Recovery of prior years' expenses	-	503	1,146
Surplus for the year	**$ 21,650**	**57,487**	**74,941**
Accumulated surplus at beginning of year		488,372	413,431
Accumulated surplus at end of year		**$ 545,859**	**$ 488,372**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Change in Net Financial Resources
for the year ended March 31, 2007

	2007		2006
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
Surplus for the year	$ 21,650	$ 57,487	$ 74,941
Effect of change in tangible capital assets			
Acquisitions	(79,045)	(88,952)	(86,429)
Capital contributions received and deferred	32,262	47,684	41,299
Amortization of tangible capital assets	31,952	32,719	31,958
Amortization of deferred capital contributions	(14,701)	(13,794)	(13,522)
Loss (gain) on disposal of tangible capital assets	1,076	99	(608)
Proceeds on disposal of tangible capital assets	-	271	3,252
Write-down of tangible capital assets	-	92	498
Write-down of deferred capital contributions	-	-	(96)
	(28,456)	(21,881)	(23,648)
Effect of change in other non-financial assets			
Decrease (increase) in inventories of supplies	-	182	(80)
Decrease (increase) in prepaid expenses	-	(79)	90
	-	103	10
Increase (decrease) in net financial resources	**$ (6,806)**	**35,709**	**51,303**
Net financial resources at beginning of year		99,542	48,239
Net financial resources at end of year		**$ 135,251**	**$ 99,542**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

GOVERNMENT OF YUKON

Statement of Cash Flows
for the year ended March 31, 2007

	2007	2006
	(thousands of dollars)	
Operating transactions		
Cash received from:		
Canada	$ 655,900	$ 640,605
Taxes and general revenues	83,282	80,554
Funding and service agreements with other parties	14,326	20,795
Interest from investments and loans	8,487	4,486
	761,995	746,440
Cash paid for:		
Salary, wages and benefits	279,546	267,846
Transfer payments	171,749	140,522
Other expenses	219,360	211,618
Interest on loans and capital leases	1,143	1,336
	671,798	621,322
Cash provided by operating transactions	90,197	125,118
Capital transactions		
Acquisition of tangible capital assets	(93,879)	(81,513)
Contributions received for acquisition	55,434	38,003
Proceeds on sale of tangible capital assets	271	595
Cash used for capital transactions	(38,174)	(42,915)
Investing transactions		
Decrease (increase) in temporary investments	4,971	(4,971)
Investment in land held for sale	(6,190)	(6,977)
Proceeds from sale of land held for sale	8,436	9,166
Repayment of advances from Territorial corporations	900	-
Loans advanced	(1,436)	(1,078)
Loans repaid	2,345	1,227
Cash provided by (used for) investing transactions	9,026	(2,633)
Financing transactions		
Repayment of long-term debt	(572)	-
Repayment of capital lease obligations	(868)	(906)
Cash used for financing transactions	(1,440)	(906)
Increase in cash and cash equivalents	**59,609**	**78,664**
Cash and cash equivalents at beginning of year	130,784	52,120
Cash and cash equivalents at end of year (Note 3)	**$ 190,393**	**$ 130,784**

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

1. Authority and operations

(a) Authority

The Government of Yukon (the Government) operates under the authority of the *Yukon Act* (Canada). All disbursements for operations and loans are authorized by the Yukon Legislative Assembly.

(b) Main Estimates

The Main Estimates comparative figures are from the Main Estimates approved in the Legislative Assembly in 2006. These figures do not reflect changes arising from the Supplementary Estimates approved later in the year by the Legislative Assembly.

(c) Investments

The *Financial Administration Act* (Yukon) allows the Government to invest money from the consolidated revenue fund in the following investments:

- securities that are obligations of, or guaranteed by, the Government of Canada or a province;
- fixed deposits, notes, certificates and other short term paper of, or guaranteed by, a bank including swapped deposit transactions in currency of the United States of America;
- commercial paper issued by a company incorporated under the laws of the Government of Canada or a province, the securities of which are rated in the highest rating category by at least two recognized security rating institutions.

The duration of the securities held depends on cash projections but usually averages under a year in length.

2. Significant accounting policies

(a) Financial statements

These financial statements are prepared on a non-consolidated basis for the purpose of determining the financial resources realistically available to the Government to meet its program responsibilities.

The Government also prepares a set of consolidated financial statements following the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Basis of accounting

Revenues

Revenues are recorded on an accrual basis.

Grants from the Government of Canada are recognized as revenues when entitlement for the transfer occurs. The Government receives a Formula Financing grant from the Government of Canada. Pursuant to Bill C-13, the *Budget Implementation Act, 2006*, the exact amount of the grant for 2006/2007 is specified in the legislation. For future years 2007/2008 to 2013/2014, the Government of Canada has, under Bill C-52, the *Budget Implementation Act, 2007*, restored the Formula Financing grant to a principle based arrangement. Health and social transfers are received in accordance with the *Federal-Provincial Fiscal Arrangements Act* (Canada). Adjustments for health and social transfers are made in the year they are known.

The Government receives funds from the Government of Canada and other sources under various cost-sharing agreements including reconstruction of the Alaska Highway, social assistance and occupational training. Revenues are recognized in the year in which the related expenses are incurred. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Income taxes, levied under the *Income Tax Act* (Yukon), are collected by the Government of Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on the Government of Canada's Department of Finance's best estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are final. The Government recognizes income tax revenues based on the estimates made by the Government of Canada, adjusted for known factors. Any adjustments upon finalization are reflected in the accounts in the year they are identified.

Fuel and tobacco taxes are levied under the authority of the *Fuel Oil Tax Act* (Yukon) and the *Tobacco Tax Act* (Yukon). Revenues are recognized based on the statements received from collectors and estimates. Adjustments from reassessments are recorded in revenue in the year they are identified.

Expenses

Expenses are recorded on an accrual basis. Transfer payments are recorded as expenses when paid or when the terms of a contractual transfer agreement have been met.

Recovery of prior years' expenses includes reversal of amounts accrued in prior years which are in excess of actual expenses. These amounts cannot be used to increase the amount appropriated for the current year.

Assets

Financial assets

Cash and cash equivalents include cash on hand, balances with banks, funds held in trust accounts on behalf of the Government, and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

Loans receivable are stated at the lower of principal amounts and net recoverable value. Valuation allowances, which are recorded to reduce loans receivable to their net recoverable amount, are based on historical experience, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized on an accrual basis until such time that the collectibility of either principal or interest is not reasonably assured.

Land held for sale comprises the costs of acquiring, planning and developing serviced lots for eventual sale. The lots are valued at cost, except, when there has been a loss in value that is other than a temporary decline, in which case the lots are written down to net recoverable value to recognize the loss. Gains or losses on the sale of lots are recognized at the time of sale.

Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and are amortized to expense over the estimated useful lives of the assets.

Inventories of supplies consist primarily of fuel and lubricants, repair parts, stationery and office supplies, and highway materials that are tracked through revolving funds. Inventories are valued at the lower of cost and replacement value. These assets are not held for sale and are intended to be used in providing government services. Other materials and supplies are expensed at the time of acquisition.

Liabilities

Liabilities include financial claims payable by the Government and unearned revenues.

Unearned revenues are cash received for which goods and services have not been provided by year-end, and are primarily comprised of motor vehicle licence fees for the following fiscal years.

Capital lease obligations are recorded with a corresponding asset at the lower of the present value of the minimum lease payments, excluding the portion relating to executory costs, and the fair value of the asset. The present value is based on the Government's borrowing rate at the time the obligation is incurred.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

(c) Tangible capital assets

Tangible capital assets are buildings, roads, equipment, and other items, whose useful life extends beyond the fiscal year and are intended to be used on an ongoing basis for delivering services. These assets are recorded at cost, or fair value if donated. For certain tangible capital assets that have previously been transferred from the Government of Canada or where the original costs are not readily available, estimated costs have been extrapolated back in time in a systematic and rational manner to approximate the appropriate transfer value of the assets at the time of transfer.

Transferred and cost-shared tangible capital assets are recorded upon acquisition with an offsetting deferred capital contribution that represents the value of the contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service, are amortized on a straight-line basis over their estimated useful life.

The value of works of art, historical treasures, all intangibles and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recorded as tangible capital assets. The existence of historical treasures and the total estimated value of works of art are disclosed in Note 14 of these financial statements.

Tangible capital assets that are held and available for use by the Government are reported based on the following capitalization thresholds and estimated useful lives.

Asset category	Threshold	Estimated useful life
Land	Nil	N/A
Land improvements and fixtures	$50,000	up to 50 years
Buildings	$50,000	40 - 50 years
Portable classrooms/housing trailers	$50,000	20 years
Heavy equipment	$10,000	7 - 30 years
Operating equipment	$10,000	7 - 25 years
Vehicles	$10,000	6 - 15 years
Computer hardware	$10,000	5 years
Computer software	$100,000	7 years
Leasehold improvements	$50,000	Lease term
Highways	$250,000	30 - 50 years
Pavement	$250,000	26 years
Bridges	$250,000	30 - 50 years
Airport runways	$50,000	26 - 50 years

Tangible capital assets under construction or development are reported as work-in-progress with no amortization until the asset is placed in service.

(d) Post-employment benefits

Post-employment benefits are expected to be provided after employment but before retirement to employees. These benefits include severance benefits, accumulated sick and vacation leave benefits that are paid in cash when employment is terminated. The Government recognizes the obligation for these benefits as a liability and uses an actuary to estimate the amount of the obligation. Expenses related to post-employment benefits are recognized in the period in which the employee's service is rendered and the benefit is earned. The accrued benefit liability for these plans is calculated as the accrued benefit obligation adjusted by unamortized actuarial gains or losses.

(e) Retirement benefits

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are expensed during the year in which the services are rendered and represent its total pension obligation. The Government is not currently required to make contributions with respect to any actuarial deficiencies of the pension plan. Other retirement benefits include extended health care for retired employees who choose to participate in the plan and a life insurance plan for retirees who meet certain criteria. Liabilities for these benefits are valued on an actuarial basis.

Retirement benefits to Members of the Legislative Assembly and territorial court judges are defined benefit plans and are valued on an actuarial basis. Actuarial valuations of these benefits are performed triennially using the projected benefit method prorated on services, with an actuarial valuation for accounting purposes updated annually. Pension expenses for these two plans are recognized as members render services. Actuarial gains and losses are amortized on a straight-line basis over the estimated average remaining service lives of the participants. The accrued benefit liability for these plans is calculated as the accrued benefit obligation less plan assets, if any, adjusted by unamortized actuarial gains or losses.

(f) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates when the contamination occurs, when the Government becomes aware of the contamination or, in the case of a solid waste landfill closure and post-closure care, as the landfill sites capacity is used, and the Government is obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. Accrued environmental liabilities are reported as part of accrued liabilities.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to post-employment and retirement benefits, contingencies and revenue accruals such as Canada health and social transfer payments and corporate and personal income tax revenue.

3. **Cash and cash equivalents**

	2007	2006
	(thousands of dollars)	
Short-term investments	$ 100,732	$ 71,270
Funds held for the Government by trustees	73,519	44,654
Bank balances	16,076	14,795
Cash on hand	66	65
	$ 190,393	$ 130,784

4. Due from/to Government of Canada

	2007	2006
	(thousands of dollars)	
Due from Government of Canada		
Cost-sharing agreements and projects delivered on behalf of the Government of Canada	$ 44,648	$ 49,507
Income tax receivable	2,782	-
Grant receivable	-	6,333
Other	27	29
	$ 47,457	$ 55,869
Due to Government of Canada		
Public Service Pension Plan contribution payable	$ 3,799	$ 4,074
RCMP	3,446	3,367
Payroll deductions payable	3,323	3,305
Other	1,267	1,690
	$ 11,835	$ 12,436

Amounts due from and due to Government of Canada are payable on demand and are non-interest bearing. The carrying amounts approximate fair market values because of their short term to maturity.

5. Accounts receivable

	2007	2006
	(thousands of dollars)	
Taxes, interest and other revenue receivables	$ 12,396	$ 7,331
Less valuation allowances	(921)	(1,144)
	11,475	6,187
Due from Territorial corporations	3,878	3,268
	$ 15,353	$ 9,455

6. Advances to Territorial corporations

	2007	2006
	(thousands of dollars)	
Yukon Housing Corporation		
Working capital advances	$ 27,721	$ 30,436

The advances are interest free and have various repayment terms.

7. Loans receivable

	2007	2006
	(thousands of dollars)	
Due from Yukon Housing Corporation for lands agreements, due in periodic instalments to the year 2012, bearing interest at 0.0%	$ 6,054	$ 7,375
Debenture loans to municipalities, due in varying annual amounts to the year 2030, bearing interest rates ranging from 4.0% to 11.4%	4,729	8,114
Local improvement loans, due in varying annual amounts to the year 2035, bearing interest rates ranging from 2.3% to 8.9%	3,321	3,105
Business development assistance loans, due in varying annual amounts with varying terms, bearing interest rates ranging from 0.0% to 12.0%	2,363	3,332
Domestic well loans, due in varying annual amounts to the year 2022, bearing interest rates ranging from 2.3% to 4.5%	1,066	738
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2014, bearing interest at 0.0%	1,039	1,345
Agreements for sale of land, due in varying annual amounts over a three or five year term to the year 2012, bearing interest rates ranging from 4.8% to 8.5%	1,013	971
Loan to Yukon Housing Corporation, due in periodic instalments to the year 2021, bearing interest at 0.0%	219	234
Energy infrastructure development loan due in periodic instalments bearing interest at 6.4%	205	205
Energy conservation loans due in varying annual amounts with varying rates of interest	156	157
Loan to Yukon Government Fund Limited, with no repayment terms, bearing interest at 0.0%	116	116
Less valuation allowances	(1,906)	(2,049)
	$ 18,375	$ 23,643

8. Land held for sale

	2007	2006
	(thousands of dollars)	
Raw land	$ 45	$ 45
Land under development	5,751	7,684
Developed land	6,327	4,317
	$ 12,123	$ 12,046

9. Accounts payable and accrued liabilities

	2007	2006
	(thousands of dollars)	
Accrued liabilities	$ 30,467	$ 25,310
Accounts payable	29,280	28,164
Contractors' holdbacks and security deposits	5,486	3,575
Due to Territorial corporations	3,253	2,591
	$ 68,486	$ 59,640

10. Post-employment benefits

	2007	2006
	(thousands of dollars)	
Severance benefits	$ 39,567	$ 38,219
Sick leave obligation	14,929	14,420
Vacation leave obligation	11,917	11,511
Accrued benefit obligation	66,413	64,150
Unrecognized net actuarial loss	(16,682)	(18,420)
Accrued benefit liability	$ 49,731	$ 45,730

Severance benefits are paid on termination of service or upon retirement.

If an employee has at least five years of continuous service, a cash-in of sick leave will be paid on termination of service or upon retirement. The cash-in amount is calculated as 1/3 of unused sick leave credits to a maximum of 60 days multiplied by the daily pay rate at termination or retirement.

The actuarial obligation for sick and vacation leave and severance benefits is calculated using the projected benefit method prorated on service. In projecting the accrued obligation for these benefits as at March 31, 2007, the Government assumed a discount rate of 5.75% and general salary increases of 2.5%. The net actuarial loss is amortized over the expected average remaining service life of the active employees of 10.6 years.

Expenses related to post-employment benefits for the year ended March 31, 2007 were $9,055,000 (2006 - $5,392,000). Benefits paid by the Government from the post-employment benefits liability during the year amounted to $5,054,000 (2006 - $4,044,000). Post-employment benefits are not funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

11. Retirement benefits

(a) Public Service Pension Plan

The Government's employees participate in the Public Service Pension Plan administered by the Government of Canada. In this plan, employees accumulate pension benefits up to a maximum period of 35 years at 2% per year of pensionable service based on the average of their five consecutive years of highest paid services. The Government contributes $2.14 for every dollar contributed by the employee. If an employee's annual salary is greater than $126,500 (2006 - $120,300), the portion of the employee's salary above this amount is subject to an employer contribution of $7.00 (2006 - $7.20) for every dollar contributed by the employee. The Government's contributions to the Public Service Pension Plan during the year and recorded as expenses were $24,049,000 (2006 - $23,707,000).

(b) Legislative Assembly Retirement Allowances Plan

The Legislative Assembly Retirement Allowances Plan is a contributory defined benefit pension plan. In addition to retirement allowances, the plan also contains a provision for payment of lump sum death and severance allowances. These benefits are based on service and/or earnings. The Members' Services Board of the Legislative Assembly is responsible, pursuant to the *Legislative Assembly Retirement Allowances Act* (Yukon), for the administration of the Plan.

The funds are held by an investment manager in two different accounts. The first account holds the assets of the trust fund for the registered pension plan established pursuant to Parts 1 and 2 of the *Legislative Assembly Retirement Allowances Act.* The second account holds the assets of the Government, from which benefits under Part 3 of the *Legislative Assembly Retirement Allowances Act* are paid. It is the Government's policy to fully fund Parts 1 and 2 of this pension plan.

The *Legislative Assembly Retirement Allowances Act* stipulates that actuarial valuations for funding purposes must be performed at least triennially. An actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, salary increases and member turnover and mortality. The assumptions used in a valuation for funding purposes are based on the actuary's best estimates with margins for conservatism. The most recent valuation was conducted as at March 31, 2005 based on March 31, 2005 membership data. The accrued benefit obligation as at March 31, 2007 is calculated using best estimate assumptions accepted by the Members' Services Board of the Legislative Assembly.

(c) Territorial Court Judiciary Pension Plan

The Territorial Court Judiciary Pension Plan is comprised of a judiciary registered pension plan, a judiciary retirement compensation arrangement and a supplementary judiciary pension plan. In addition to pension payments, these plans also contain a provision for payment of lump sum death and severance allowances. The Plan is administered by the Public Service Commissioner in the meaning assigned by the *Public Service Act* (Yukon).

The judiciary registered pension plan is a contributory defined benefit pension plan. In this plan, benefits are accumulated at an annual amount of 2% multiplied by the number of years of credited service multiplied by the annual average of the member's highest five consecutive years of earnings. A member's credited service is limited to a maximum of 35 years. The judiciary retirement compensation arrangement was established for the purpose of providing benefits to members with respect to pensionable service earnings that are in excess of the maximum pension limits of the judiciary registered pension plan as required by the *Income Tax Act* (Canada). Pursuant to the *Territorial Court Judiciary Pension Plan Act* (Yukon), the pension fund assets for these two plans are held separate and distinct from the Government's operations, and are managed by an investment manager.

The supplementary judiciary pension plan is supplemental to benefits provided under the judiciary registered pension plan and the judiciary retirement compensation arrangement. The *Territorial Court Judiciary Pension Plan Act* (Yukon) stipulates that no contributions are to be made to this plan, and no fund is to be maintained for the plan. In this plan, the annual amount of pension payable to a member equals 3% of the average annualized pensionable earnings of a member over the 24 months during which pensionable earnings are highest multiplied by the number of years of credited service, subject to a maximum of 70% of those earnings, minus actual benefits accumulated under the judiciary registered pension plan and the judiciary retirement compensation arrangement.

An actuarial valuation for the Plan was performed for accounting purposes using the membership data as at March 31, 2006. A valuation for funding purposes for the registered pension plan component of the Plan was conducted as at January 31, 2006. The next valuation for funding purposes will be done as at March 31, 2008.

(d) Extended health care and life insurance retirement benefits

The Government provides optional extended health care benefits to retired employees as well as life insurance coverage to eligible retirees. They are both defined benefit plans. The extended health care plan is self-insured. As at March 31, 2007, the Government paid approximately 65% of the extended health care benefit costs and 100% of the life insurance premium for participating retirees (Note 25(b)). An actuarial valuation of these benefits was conducted as of March 31, 2006. There are no plan assets.

The accrued benefit liability for the above retirement benefits as of March 31, 2007 was as follows:

	2007	2006
	(thousands of dollars)	
Accrued benefit liability (asset) (Schedule D)		
Extended health care retirement benefit	$ 34,607	$ 31,949
Territorial Court Judiciary Pension Plan	3,126	2,867
Life insurance retirement benefit	1,166	1,114
Legislative Assembly Retirement Allowances Plan	(1,387)	(180)
	$ 37,512	$ 35,750

12. Capital lease obligations

	2007	2006
	(thousands of dollars)	
Building lease obligation payable monthly until the year 2012, with imputed interest rate of 11.0%. The building is to be transferred to the Government for $1.00 at the end of the lease term.	$ 2,694	$ 3,154
Building lease obligation payable monthly until the year 2013, with imputed interest rate of 13.5%.	2,608	2,884
Building lease obligation payable monthly until the year 2010, with imputed interest rate of 13.3%.	661	793
	$ 5,963	$ 6,831

Interest expense related to capital lease obligations for the year was $783,000 (2006 - $976,000) at an imputed average interest rate of 12.6% (2006 – 10.9%). The following is a schedule of future minimum lease payments under the capital lease obligations.

	(thousands of dollars)
2008	$ 2,164
2009	2,164
2010	2,164
2011	2,042
2012	1,273
Thereafter	755
Total minimum lease payments	10,562
Less: amount representing executory costs	(2,069)
amount representing rental of land	(538)
amount representing interest	(1,992)
	$ 5,963

13. Financial instruments

The balances in cash and cash equivalents, due to/from Government of Canada, accounts receivable, and accounts payable and accrued liabilities are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The fair value and the methods of calculation and assumptions used for the Government's long-term financial instruments are detailed below:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Loans receivable	$ 18,375	$ 18,375	$ 23,643	$ 23,643
Capital lease obligations	5,963	6,796	6,831	8,147

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of loans receivable due to the nature of these loans. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

The estimated fair value for capital lease obligations is calculated by discounting the expected future cash flows at year-end market interest rates for equivalent terms to maturity.

14. Tangible capital assets

	2007 Net Book Value	2006 Net Book Value
	(thousands of dollars)	
Land	$ 6,066	$ 5,387
Buildings	289,084	272,604
Equipment and vehicles	30,061	30,751
Computer hardware and software	8,322	7,229
Transportation infrastructure	548,809	513,625
Other	11,995	8,970
(Schedule C)	$ 894,337	$ 838,566

The Government owns and/or maintains various historical sites. The Government also holds works of art with a total estimated value of $3.5 million (2006 - $3.4 million).

Leased capital assets are reported as part of the respective asset category. These leased assets are amortized on a straight-line basis over the lease term or estimated economic life. The amortization expense for the year was $635,000 (2006 - $960,000). The cost and accumulated amortization of leased capital assets that are included in the schedule of tangible capital assets are as follows:

	2007	2006
	(thousands of dollars)	
Buildings (cost)	$ 8,820	$ 8,820
Less accumulated amortization	(2,539)	(1,904)
	$ 6,281	$ 6,916

15. **Deferred capital contributions**

Where the fair value has been capitalized for tangible capital assets that were transferred from a third party such as Government of Canada, an offset is recorded as a deferred capital contribution. Funding received for the acquisition, development, construction or betterment of tangible capital assets is also treated as a deferred capital contribution. The most significant of these assets are highways, bridges and airport infrastructure. The deferred capital contribution is recognized as revenue over the useful life of the related asset.

	2007	2006
	(thousands of dollars)	
Deferred capital contributions, beginning of year	$ 455,627	$ 428,529
Add: Assets transferred or funded during the year	47,684	41,299
Less: Disposal and write-down	-	(583)
Write-down	-	(96)
Amortization	(13,794)	(13,522)
Deferred capital contributions, end of year (Schedule C)	$ 489,517	$ 455,627

16. Expenses by object

	2007	2006
	(thousands of dollars)	
Personnel	$ 286,076	$ 270,514
Transfer payments	178,948	146,043
Contract and special services	98,794	96,026
Materials, supplies and utilities	71,843	70,389
Amortization expenses	32,719	31,958
Communication and transportation	24,143	22,276
Other	34,937	31,276
	$ 727,460	$ 668,482

17. Trust assets

The Government administers trust accounts on behalf of third parties which are not included in the Government's assets or liabilities.

The largest such trust account, the Compensation Fund (Yukon) has a fiscal year end of December 31. Details of the assets of the Compensation Fund (Yukon), principally investments, are available from its financial statements, which are reproduced in Section III of the Public Accounts of the Government. The remaining trust assets are invested primarily in short-term and long-term bonds.

Investments of Compensation Fund (Yukon) are valued at fair value. Investments of the remainder of the trust accounts are valued at the lower of cost and market. Any other assets held under administration such as property, securities and valuables are reflected in trust accounts only upon conversion to cash.

	2007	2006
	(thousands of dollars)	
Compensation Fund (Yukon)	$ 148,776	$ 140,214
Federal Gas Tax Funds under the New Deal	7,725	4,509
Forest Sector Fund	4,321	3,168
Lottery Commission	2,902	2,814
Land Title Office – Assurance Fund	2,872	2,654
Crime Prevention and Victim Services	2,707	2,453
Water Resources Bonds	2,583	2,582
Historic Resources Trust Fund	1,189	1,177
Public Guardian Trust	552	736
Other	2,210	2,481
	$ 175,837	$ 162,788

18. Contractual obligations

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2007.

	Expiry Date	2008	2009 – 2019	Total
		(thousands of dollars)		
Capital projects				
- in progress at March 31, 2007	2019	$ 21,505	$ 11,191	$ 32,696
(recoverable amount)		(15,400)	(4,148)	(19,548)
RCMP policing agreement	2012	13,172	56,760	69,932
Northern housing trust grants	2008	25,734	-	25,734
Building/office space leases	2016	7,150	14,295	21,445
Yukon Hospital Corporation	2015	1,406	13,862	15,268
Miscellaneous operational commitments	2009	7,565	4,183	11,748
		$ 61,132	$ 96,143	$ 157,275

19. Overexpenditure

During the year, one (2006 - two) department exceeded their vote by a total of $82,000 (2006 - $1,714,000). Overexpenditure of a vote contravenes subsection 17(2) of the *Financial Administration Act* (Yukon) which specifies that "a vote does not authorize any payment to be made in excess of the amount specified in the vote".

The votes that were overexpended are as follows:

	(thousands of dollars)
Operations and maintenance	
Community Services	$ 82

The *Appropriation Acts* (Yukon) state that the Government is not to expend grant payments except in accordance with the Act. During the year, one (2006 – four) department exceeded the authorized amounts as follows:

Operations and maintenance grants	
Health and Social Services	
- Adoption subsidies	8
- Federal child benefit - Whitehorse	3
- Yukon seniors' income supplement	4
- Pioneer utility grant	18
- Medical travel subsidies	621
- Bursaries – health professional	80

20. Guarantees

The Government has guaranteed repayment of loans payable by the Yukon Housing Corporation of $20.4 million (2006 - $21.7 million), debts of the Yukon Development Corporation of $20.6 million (2006 - $22.4 million) and business loans totalling $176,000 (2006 - $348,000). The Government is also liable for the debt of the Yukon Government Fund Limited in the amount of $0.5 million (2006 - $7.8 million). In addition, the Government has guaranteed an operating demand overdraft facility to the Yukon Housing Corporation of up to $11.0 million and to the Yukon Energy Corporation of up to $10.0 million. It is expected that no significant costs will be incurred by the Government with respect to these guarantees.

21. Land claims

Between February 1995 and March 31, 2007, eleven Yukon First Nation Final and Self-government Agreements came into effect. The Government of Canada's negotiating mandate expired prior to the completion of the remaining three Yukon agreements. Settlements for these outstanding claims would not result in a general liability to the Government as they are to be funded by the Government of Canada. The Government would, however, be responsible for any financial obligations it might agree to during the negotiations.

The Government signed a bilateral funding agreement with the Government of Canada on June 24, 1993 that provides for funding towards the Government's additional implementation costs. Costs funded by this agreement include boards and councils established under the Yukon First Nation Final Agreements and implementation projects and activities. In 2003/2004 the bilateral funding agreement was amended to include the federal Northern Affairs Program implementation funding and the council and commission funding that came to Yukon as part of the Northern Affairs Program Devolution Transfer Agreement.

The Government expended $4.4 million during the year (2006 - $7.4 million) with cumulative expenditures of approximately $45.0 million (2006 - $40.6 million), of which $42.1 million (2006 - $39.5 million) was funded by Canada.

22. Contingencies

In the normal course of operations, the Government is subject to legal claims. At March 31, 2007 the Government estimated the total claimed amount to be about $2.2 million (2006 - $2.4 million). No provision for claims has been made in these financial statements as it is not likely that any future event will confirm that a liability has been incurred at the date of the financial statements.

The Government established a Risk Management Revolving Fund in December 2004, with a limit of $5 million, which is to be used for providing insurance and risk management services to Government departments. Any expenses relating to property and liability losses incurred by the Government are to be paid out of this fund. The Government carries no insurance policy for its property losses, but carries a legal liability insurance policy with a $2 million deductible. The Government had unpaid claims against the fund in the amount of $562,000 as at March 31, 2007 (2006 - $438,000). This amount is reported as part of the Government's accrued liabilities. The fund balance as at March 31, 2007 was $3.1 million (2006 - $2.1 million). (See also Schedule 6 of the Supplementary Financial Information.)

23. Environmental liabilities

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. As at March 31, 2007, the Government was aware of 55 sites where the Government is obligated or is likely obligated to incur such costs. Of the 55 sites, nine are airports and 19 are highway maintenance camps, the majority of which are awaiting assessment. Consequently, costs to remedy any possible contaminations on these sites cannot be reasonably estimated. Quantifiable portions of remediation costs for some of the sites that have been at least partially assessed are currently estimated at $687,000, which has been recorded as a liability and reported as part of accrued liabilities. The Government is committed to assess all sites in a systematic manner.

The *Environment Act* (Yukon) – *Solid Waste Regulations* include requirements for closure and abandonment of a dump. Twenty-three of the 55 sites identified above are active or decommissioned landfill sites that are outside incorporated communities, and therefore are the responsibility of the Government. As at March 31, 2007, a liability in the amount of $535,000 has been recorded for these sites using the method recommended by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board.

One site on the Commissioner's Land has been formally designated as contaminated under the *Environment Act* (Yukon) and the *Contaminated Sites Regulation*. The Government is not a Responsible Party for this site but may incur some future environmental liability as the landowner. As the likelihood of the Government's obligation to incur any remediation costs is not determinable at this point, no liability has been recorded for this site.

Based on a consultant's report prepared in October 2006, the Government estimates the contingent environmental liabilities for all the sites mentioned above could total $8 million.

Pursuant to the Devolution Transfer Agreement, the Government of Canada retained responsibility for the clean-up of waste sites that were identified on lands transferred effective April 1, 2003. The Government of Canada also accepted financial responsibility for the remediation of impacts attributable to activities that took place prior to April 2003 on the mine sites identified as Type II sites, where they have been abandoned by their owner/operator. The Government is not aware of any financial obligations in relation to these mine sites.

24. Related parties

Related party transactions not disclosed elsewhere in the financial statements are as follows:

	2007	2006
	(thousands of dollars)	
Revenues from:		
Yukon Housing Corporation	$ 2,685	$ 4,526
Yukon Liquor Corporation	1,187	1,223
Compensation Fund (Yukon)	1,063	989
Yukon Lotteries Commission	645	637
Yukon Development Corporation	572	214
Yukon College	171	109
Yukon Hospital Corporation	30	19
	$ 6,353	$ 7,717
Expenses to:		
Yukon Hospital Corporation	$ 36,258	$ 30,170
Yukon College	18,599	17,702
Yukon Development Corporation	8,236	7,399
Compensation Fund (Yukon)	6,834	4,980
Yukon Housing Corporation	4,186	3,742
Yukon Legal Services Society	1,510	1,511
Yukon Arts Centre Corporation	961	1,043
Yukon Human Rights Commission	451	451
Yukon Liquor Corporation	15	-
	$ 77,050	$ 66,998

25. Subsequent events

(a) Carmacks-Stewart transmission project

In April 2007, the Government made a commitment to the Yukon Energy Corporation to fund up to $10 million for Stage One of the Carmacks-Stewart transmission project, which involves the construction of a power line from Carmacks to Pelly Crossing. The Government's funds are to be applied to those Stage One capital costs not already committed for funding by Minto Explorations Ltd. and the Yukon Development Corporation, the Yukon Energy Corporation's parent company. The Yukon Energy Corporation estimates that the power line will be constructed and operational by the latter part of the 2008 calendar year.

(b) Plan amendment – retiree extended health care costs

Effective May 2007, the Government changed the level of its contributions for the retiree extended health care costs. Until April 2007, the Government contributed approximately 65% of the benefit costs (Note 13(f)). Under the new contribution structure, the Government contributes a percentage of the cost depending on the years of service provided by the retiree as indicated in the table below. This change resulted in a reduction in the accrued benefit obligation as at April 1, 2007 by $9,619,000. The Government intends to recognize the reduction in the accrued benefit obligation as a negative past service cost in the fiscal year 2007/2008.

Less than 5 years	0%
5 years, but less than 10 years	15%
10 years, but less than 15 years	35%
15 years, but less than 20 years	50%
20 or more years	65%

(c) Investments in Asset Backed Commercial Paper

In August 2007, the Government learned that its $36.5 million worth of investments in the Asset Backed Commercial Paper (ABCP) from two trusts, purchased in July and August of 2007 and maturing on August 31 and September 4, 2007, would not be redeemed upon maturity. Due to extreme volatility in the global credit markets, the ABCP market experienced a sudden, rapid exodus of investors, and certain banks and other lenders responsible for providing bank liquidity facilities were refusing to provide funds during this market disruption.

On August 16, 2007, a consortium representing banks, asset providers and investors agreed in principle to a long-term proposal and an interim agreement regarding the ABCP. The restructuring proposal calls for the conversion of the ABCP into long-term floating rate notes that will pay interest monthly or quarterly and can be sold on the open market or be held to maturity. In the interim, holders of the ABCP will continue to re-invest maturing investments.

It is still too early to determine the final outcome of the situation and the resulting financial impact to the Government, if any. The Government is actively monitoring the situation. The Government does not currently expect the ABCP market situation to have an impact on its future cash flow needs.

26. Comparative figures

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.

GOVERNMENT OF YUKON

Schedule A

Schedule of Revenues
for the year ended March 31, 2007

	2007		2006
	Main Estimates (Note 1(b))	Actual	Actual
	(thousands of dollars)		
From Canada			
Formula Financing grant	$ 505,918	$ 516,819	$ 494,140
Other grants	52,727	92,897	89,993
Contributions and service agreements	50,014	42,170	39,082
	608,659	651,886	623,215
Taxes and general revenues			
Income taxes	44,080	48,415	43,200
Other taxes	19,426	20,797	19,700
Licences, permits and fees	7,362	9,556	8,717
Interest - bank and other	2,191	8,015	4,200
Yukon Liquor Corporation - net income	5,886	6,243	5,208
Gain on sale of lots	126	1,788	847
Oil and gas resource revenue	6,016	1,777	4,146
Aviation operations	661	772	707
Fines	408	406	386
Other revenues	271	817	654
	86,427	98,586	87,765
Funding and service agreements with other parties	21,564	20,178	17,775
Amortization of deferred capital contributions	14,701	13,794	13,522
	$ 731,351	$ 784,444	$ 742,277

GOVERNMENT OF YUKON

Schedule B

Schedule of Expenses
for the year ended March 31, 2007

	2007	Actual 2007					2006
	Main Estimates (Note 1(b))	Personnel	Transfer Payments	Other	Amortization Expenses	Total (Note 16)	Actual
		(thousands of dollars)					
Health and Social Services	$ 182,021	$ 62,636	$ 69,842	$ 67,135	$ 2,716	$ 202,329	$ 183,087
Education	123,243	66,833	27,518	26,688	5,144	126,183	119,915
Highways and Public Works	120,585	33,295	315	62,795	19,259	115,664	114,313
Community Services	73,542	18,105	39,594	18,292	855	76,846	60,771
Justice	40,756	17,431	3,767	19,027	738	40,963	40,191
Energy, Mines and Resources	43,358	18,733	3,860	13,493	100	36,186	38,275
Public Service Commission	25,995	27,299	50	2,669	10	30,028	23,927
Executive Council Office	21,016	10,409	11,261	2,015	11	23,696	20,113
Environment	22,552	13,553	1,500	7,191	155	22,399	21,721
Tourism and Culture	21,820	6,819	7,465	6,672	612	21,568	19,705
Economic Development	17,155	4,010	8,438	3,853	2	16,303	13,600
Finance	5,596	4,183	741	382	4	5,310	5,860
Yukon Housing Corporation (Transfer Payment)	4,847	-	3,815	-	-	3,815	3,371
Yukon Legislative Assembly	4,196	1,781	-	971	7	2,759	3,658
Women's Directorate	1,004	512	332	175	-	1,019	892
Elections Office	749	108	-	554	-	662	257
Yukon Development Corporation (Transfer Payment)	450	-	450	-	-	450	-
Office of the Ombudsman	459	369	-	71	-	440	417
Interest on Loans	357	-	-	357	-	357	360
Restricted Funds	-	-	-	(2,623)	3,106	483	(1,951)
	$ 709,701	**$ 286,076**	**$ 178,948**	**$ 229,717**	**$ 32,719**	**$ 727,460**	**$ 668,482**

GOVERNMENT OF YUKON

Schedule C

Schedule of Tangible Capital Assets
for the year ended March 31, 2007

(thousands of dollars)

	Land	Buildings	Equipment and Vehicles	Computer Hardware and Software	Transportation Infrastructure	Other [1]	2007 Total	2006 Total
Cost of tangible capital assets, opening[2]	$ 5,387	$ 434,951	$ 74,404	$ 23,653	$ 663,641	$ 12,019	$ 1,214,055	$ 1,135,824
Acquisitions[2]	679	27,881	4,142	2,992	49,827	3,431	88,952	86,429
Write-downs	-	(29)	(14)	-	(49)	-	(92)	(498)
Disposals	-	-	(1,979)	(195)	-	-	(2,174)	(7,700)
Cost of tangible capital assets, closing	6,066	462,803	76,553	26,450	713,419	15,450	1,300,741	1,214,055
Accumulated amortization, opening	-	162,347	43,653	16,424	150,016	3,049	375,489	348,004
Amortization expense	-	11,372	4,477	1,870	14,594	406	32,719	31,958
Disposals	-	-	(1,638)	(166)	-	-	(1,804)	(4,473)
Accumulated amortization, closing	-	173,719	46,492	18,128	164,610	3,455	406,404	375,489
Net book value (Note 14)	**$ 6,066**	**$ 289,084**	**$ 30,061**	**$ 8,322**	**$ 548,809**	**$ 11,995**	**$ 894,337**	**$ 838,566**
Work-in-progress		$ 14,211	$ -	$ 2,442	$ 59,837	$ 2,509	$ 78,999	$ 80,347
Deferred capital contributions (Note 15)		$ 65,232	$ 958	$ 1,996	$ 416,742	$ 4,589	$ 489,517	$ 455,627

[1] Includes portable classrooms, land improvements and fixtures.

[2] Includes work-in-progress.

GOVERNMENT OF YUKON

Schedule D

Schedule of Retirement Benefits
for the year ended March 31, 2007

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit	2007 Total	2006 Total
			(thousands of dollars)			
Pension and retirement plan assets are valued at fair market value.						
Accrued benefit obligation						
Obligation at beginning of year	$ 16,733	$ 4,525	$ 29,539	$ 1,074	$ 51,871	$ 52,277
Current service costs	642	328	1,306	37	2,313	1,856
Transfer from PSSA	-	-	-	-	-	2,452
Interest cost on benefit obligation	1,105	312	1,767	64	3,248	3,319
	-	(193)	-	-	(193)	(7,232)
Benefits paid	(665)	(49)	(188)	(45)	(947)	(801)
Accrued benefit obligation at end of year	$ 17,815	$ 4,923	$ 32,424	$ 1,130	$ 56,292	$ 51,871
Plan assets						
Value at beginning of year	$ 22,656	$ 2,459	$ -	$ -	$ 25,115	$ 20,355
Actual return on plan assets	2,052	156	-	-	2,208	2,123
Government contributions	722	49	188	45	1,004	901
Member contributions	79	59	-	-	138	85
Transfer from PSSA	-	-	-	-	-	2,452
Benefits paid	(665)	(49)	(188)	(45)	(947)	(801)
Value at end of year	$ 24,844	$ 2,674	$ -	$ -	$ 27,518	$ 25,115
Funded status - plan deficit (surplus)	$ (7,029)	$ 2,249	$ 32,424	$ 1,130	$ 28,774	$ 26,756
Unamortized net actuarial gain	5,642	877	2,183	36	8,738	8,994
Accrued benefit liability (asset) (Note 11)	$ (1,387)	$ 3,126	$ 34,607	$ 1,166	$ 37,512	$ 35,750
Net benefit cost						
Current service costs	$ 642	$ 328	$ 1,306	$ 37	$ 2,313	$ 1,856
Less: Member contributions	(79)	(59)	-	-	(138)	(85)
Interest cost on benefit obligation	1,105	312	1,767	64	3,248	3,319
Expected return on plan assets	(1,477)	(162)	-	-	(1,639)	(1,329)
Amortization of net actuarial gain	(676)	(111)	(227)	(4)	(1,018)	(84)
Net cost for the year	$ (485)	$ 308	$ 2,846	$ 97	$ 2,766	$ 3,677

Schedule of Retirement Benefits
for the year ended March 31, 2007

	Legislative Assembly Retirement Allowances Plan	Territorial Court Judiciary Pension Plan	Extended Health Care Retirement Benefit	Life Insurance Retirement Benefit
Assumptions				
Expected long-term rate of return on assets	6.5%	6.5%	N/A	N/A
Discount rate on accrued benefit obligation	6.5%	6.5%	5.75%	5.75%
Inflation	2.5%	2.5%	N/A	N/A
Rate of compensation increase	2.5% [1]	2.5%	2.5%	N/A
Health care cost trend rate	N/A	N/A	see below [2]	N/A
Amortization period (expected average remaining service life)	8.5 years	7.2 years	10.6 years	10.6 years

[1] Annual rates of increase in indemnities and expense allowances. No salary increases are assumed.

[2] 11.6% per annum, grading down annually by 2.2% per annum to 5.0% per annum and remaining at that level thereafter.

SECTION II

SUPPLEMENTARY FINANCIAL INFORMATION

(unaudited)

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GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Formula Financing grant from Canada	$ 516,818,999	$ 494,140,000	$ 22,678,999
Other grants from Canada			
Northern housing trust	50,000,000	-	50,000,000
Canada health transfer	21,010,500	21,199,706	(189,206)
Canada social transfer	9,189,000	9,090,750	98,250
Territorial health access fund	6,333,332	6,333,333	(1)
Medical travel fund	1,600,000	-	1,600,000
Devolution transfer agreement	1,542,458	-	1,542,458
Northern strategy trust	-	40,000,000	(40,000,000)
Northern health accord	-	6,666,666	(6,666,666)
Wait times reduction fund	-	3,638,128	(3,638,128)
Other	3,221,857	3,064,722	157,135
	92,897,147	89,993,305	2,903,842
Contributions and recoveries from Canada			
Child welfare	7,754,616	7,469,339	285,277
Type II mine sites	5,716,333	6,465,811	(749,478)
Canadian strategic infrastructure fund	5,229,840	4,503,128	726,712
Municipal rural infrastructure fund	3,312,864	1,353,726	1,959,138
Canadian Heritage - French language programs	3,684,800	3,406,500	278,300
Continuing care facilities	2,787,759	2,468,279	319,480
Land claims implementation	2,608,074	4,368,390	(1,760,316)
Other funding and service agreements	16,270,823	19,590,963	(3,320,140)
	47,365,109	49,626,136	(2,261,027)
Less funding for tangible capital assets transferred to deferred capital contributions	(5,195,193)	(10,543,778)	5,348,585
	42,169,916	39,082,358	3,087,558
Taxation			
Income taxes	48,415,170	43,200,270	5,214,900
Tobacco tax	6,978,003	6,652,922	325,081
Fuel tax	6,547,387	6,377,640	169,747
Liquor tax	3,021,432	2,782,693	238,739
General property tax	2,592,244	2,260,122	332,122
Insurance premium tax	1,514,589	1,453,403	61,186
Grants in lieu of property tax	143,270	173,737	(30,467)
	69,212,095	62,900,787	6,311,308

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Licences, Permits and Fees			
Motor vehicle	$ 3,668,045	$ 3,355,424	$ 312,621
Business and professional	2,225,668	2,175,505	50,163
Land, mines and forestry	1,545,072	1,288,702	256,370
Game, campground and wilderness tourism	934,692	920,957	13,735
Other	1,182,604	976,457	206,147
	9,556,081	8,717,045	839,036
Interest			
Bank and investment	7,557,966	3,961,363	3,596,603
Business loans	269,686	31,047	238,639
Local improvement loans	116,720	101,308	15,412
Land sale agreements	55,051	57,220	(2,169)
Delinquent accounts	15,102	49,524	(34,422)
	8,014,525	4,200,462	3,814,063
Fines			
Territorial Court	397,227	378,643	18,584
Library fines	8,387	7,536	851
	405,614	386,179	19,435
General			
Yukon Liquor Corporation - net income	6,242,833	5,205,980	1,036,853
Gain on sale of lots	1,787,699	846,504	941,195
Oil and gas resource revenue	1,777,061	4,145,652	(2,368,591)
Aviation operations	772,056	707,081	64,975
Devolution trust fund	391,002	-	391,002
Land and mineral leases and royalties	235,416	208,707	26,709
Gain on disposal of capital assets	-	380,723	(380,723)
Other	190,918	65,027	125,891
	11,396,985	11,559,674	(162,689)

GOVERNMENT OF YUKON

Schedule 1

Comparative Schedule of Revenues
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Funding and service agreements with other parties			
Alaska Highway - Shakwak	$ 41,641,275	$ 29,161,166	$ 12,480,109
Land development cost recovery - residential	5,330,705	9,925,887	(4,595,182)
Shared services	2,439,928	2,382,336	57,592
Reciprocal billing	2,086,143	1,753,649	332,494
Canada Winter Games' athletes' village			
- Canada Winter Games Host Society	2,000,000	-	2,000,000
- City of Whitehorse	1,814,474	135,000	1,679,474
Airports	1,503,698	851,229	652,469
Government of Alaska - Alaska-Canada rail link	1,146,887	-	1,146,887
Restricted funds	989,907	783,567	206,340
Yukon Development Corporation	-	2,635,084	(2,635,084)
Other	9,420,924	11,257,288	(1,836,364)
	68,373,941	58,885,206	9,488,735
Less: Land recoveries transferred to land held for sale	(5,385,306)	(10,066,091)	4,680,785
Local improvement recoveries transferred to loans receivable	(320,651)	(289,017)	(31,634)
Funding for tangible capital assets transferred to deferred capital contributions	(42,489,474)	(30,755,000)	(11,734,474)
	20,178,510	17,775,098	2,403,412
Amortization of deferred capital contributions	13,794,262	13,522,030	272,232
	$ 784,444,134	**$ 742,276,938**	**$ 42,167,196**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Legislative Assembly Office					
Third-party recoveries					
Operations and maintenance					
Conference fees	**$ 10,000**	**$ -**	**$ 10,000**	**$ (6,800)**	**$ 16,800**
Executive Council Office					
From Canada					
Operations and maintenance					
Land claims implementation					
- Indian and Northern Affairs Canada	3,921,000	(721,000)	3,200,000	2,608,074	591,926
- Canadian Heritage	1,100,000	-	1,100,000	996,211	103,789
Targeted investment program - statistical surveys	-	200,000	200,000	160,000	40,000
	5,021,000	(521,000)	4,500,000	3,764,285	735,715
Taxes and general revenues					
Water licence fees	15,000	-	15,000	37,184	(22,184)
Devolution trust fund	-	-	-	391,002	(391,002)
	15,000	-	15,000	428,186	(413,186)
Total revenues	**5,036,000**	**(521,000)**	**4,515,000**	**4,192,471**	**322,529**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
From Canada					
Operations and maintenance					
Emergency measures	$ 139,000	$ (139,000)	$ -	$ 307	$ (307)
Sport	192,000	-	192,000	274,570	(82,570)
Prior year recovery - Arctic Winter Games	-	-	-	100,000	(100,000)
Motor vehicles	2,000	2,000	4,000	3,160	840
Author readings	-	6,000	6,000	5,500	500
Capital					
Canadian strategic infrastructure fund	5,333,000	211,000	5,544,000	2,857,896	2,686,104
Municipal rural infrastructure fund	3,055,000	302,000	3,357,000	3,312,864	44,136
Gas tax fund	131,000	-	131,000	-	131,000
Transit fund	781,000	(781,000)	-	-	-
Canada/Yukon Infrastructure Agreement - Burwash sewage lagoon	25,000	(25,000)	-	-	-
Emergency measures	-	(28,000)	(28,000)	(65,602)	37,602
	9,658,000	(452,000)	9,206,000	6,488,695	2,717,305
Less funding for tangible capital assets transferred to deferred capital contributions	(1,017,000)	275,000	(742,000)	(581,583)	(160,417)
	8,641,000	(177,000)	8,464,000	5,907,112	2,556,888

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Taxes and general revenues					
Fuel storage tank permits	$ 4,000	$ -	$ 4,000	$ 1,993	$ 2,007
Interest on local improvement	166,000	(20,000)	146,000	116,720	29,280
General property tax	2,190,000	333,000	2,523,000	2,592,244	(69,244)
Grant in lieu of property tax	200,000	(57,000)	143,000	143,270	(270)
Property subdivision application fee	7,000	2,000	9,000	10,418	(1,418)
Library fines	8,000	-	8,000	8,387	(387)
Rental of equipment	2,000	(2,000)	-	-	-
Photocopier fees	3,000	-	3,000	2,420	580
Professional/consumer licensing	178,000	52,000	230,000	246,998	(16,998)
Business/corporate licensing	1,600,000	105,000	1,705,000	1,978,670	(273,670)
Building safety licences and fees	245,000	30,000	275,000	351,648	(76,648)
Private vehicle licences	1,022,000	176,000	1,198,000	1,178,183	19,817
Commercial vehicle licences	1,614,000	381,000	1,995,000	2,073,526	(78,526)
Miscellaneous motor vehicle revenue	305,000	175,000	480,000	416,336	63,664
Labour service revenue	-	1,000	1,000	2,170	(1,170)
Profit from sale of land	-	-	-	460,607	(460,607)
Prior year adjustment - profit from the sale of land	-	-	-	51,293	(51,293)
Prior year adjustment - property assessment	-	-	-	(4,012)	4,012
	7,544,000	1,176,000	8,720,000	9,630,871	(910,871)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Third-party recoveries					
Operations and maintenance					
Shared services	$ 2,561,000	$ -	$ 2,561,000	$ 2,439,928	$ 121,072
Community recreation/active living	105,000	-	105,000	105,000	-
Sport	294,000	-	294,000	295,000	(1,000)
Community assessments	331,000	-	331,000	368,069	(37,069)
Water and sewer services	212,000	-	212,000	301,718	(89,718)
Mosquito control	21,000	8,000	29,000	29,376	(376)
Author readings	14,000	(14,000)	-	-	-
Vehicle registration disclosure	-	-	-	1,000	(1,000)
Fire suppression	-	-	-	(1,936)	1,936
Capital					
Canada Winter Games' athletes' village					
- Canada Winter Games Host Society	2,700,000	-	2,700,000	2,000,000	700,000
- Yukon Housing Corporation	-	875,000	875,000	875,000	-
- City of Whitehorse	-	15,000	15,000	1,814,474	(1,799,474)
Rural electrification and telephone	500,000	126,000	626,000	251,156	374,844
Domestic well program	700,000	(31,000)	669,000	69,995	599,005
Land development cost recovery					
- industrial	100,000	-	100,000	-	100,000
- residential	12,473,000	1,636,000	14,109,000	5,330,705	8,778,295
- recreational	150,000	-	150,000	-	150,000
Canadian strategic infrastructure fund					
- Village of Carmacks	440,000	(202,000)	238,000	-	238,000
Municipal rural infrastructure fund					
- Village of Mayo	-	-	-	656,359	(656,359)
Quarry development	-	-	-	9,278	(9,278)
	20,601,000	2,413,000	23,014,000	14,545,122	8,468,878

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Community Services					
Less: Land recoveries transferred to land held for sale	$ (12,723,000)	$ (1,636,000)	$ (14,359,000)	$ (5,385,306)	$ (8,973,694)
Local improvement recoveries transferred to loans receivable	(1,200,000)	(95,000)	(1,295,000)	(320,651)	(974,349)
Funding for tangible capital assets transferred to deferred capital contributions	(2,700,000)	(175,000)	(2,875,000)	(4,689,474)	1,814,474
	3,978,000	507,000	4,485,000	4,149,691	335,309
Amortization of deferred capital contributions	52,000	(5,000)	47,000	47,576	(576)
Total revenues	**20,215,000**	**1,501,000**	**21,716,000**	**19,735,250**	**1,980,750**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Economic Development					
From Canada					
Capital					
Community access program	$ -	$ 50,000	$ 50,000	$ 40,000	$ 10,000
Targeted investment program	-	275,000	275,000	230,000	45,000
	-	325,000	325,000	270,000	55,000
Taxes and general revenues					
Yukon International Film Festival	-	8,000	8,000	8,136	(136)
Third-party recoveries					
Capital					
Government of Alaska - Alaska-Canada rail link	1,150,000	-	1,150,000	1,146,887	3,113
Total revenues	**1,150,000**	**333,000**	**1,483,000**	**1,425,023**	**57,977**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
From Canada					
Operations and maintenance					
Canadian Heritage - French language programs	$ 2,053,000	$ 81,000	$ 2,134,000	$ 2,133,800	$ 200
Human Resources and Skills Development Canada	925,000	415,000	1,340,000	1,340,195	(195)
Student financial assistance					
- Canada student loan	41,000	-	41,000	42,016	(1,016)
- Canada study grants	70,000	-	70,000	64,884	5,116
Capital					
Tantalus school replacement	-	60,000	60,000	48,000	12,000
Human Resources and Skills Development Canada	-	146,000	146,000	116,122	29,878
	3,089,000	702,000	3,791,000	3,745,017	45,983
Less funding for tangible capital assets transferred to deferred capital contributions	-	(146,000)	(146,000)	(164,122)	18,122
	3,089,000	556,000	3,645,000	3,580,895	64,105
Taxes and general revenues					
Extension programs fees	5,000	-	5,000	(350)	5,350
Summer school fees	10,000	-	10,000	11,000	(1,000)
Computer camp fees	10,000	-	10,000	5,030	4,970
Apprenticeship certification	1,000	-	1,000	1,412	(412)
Trade school registration fees	-	1,000	1,000	860	140
	26,000	1,000	27,000	17,952	9,048

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Education					
Third-party recoveries					
Operations and maintenance					
Student accommodation	$ 120,000	$ -	$ 120,000	$ 126,920	$ (6,920)
Staff accommodation rental	5,000	-	5,000	4,622	378
Council of Ministers of Education of Canada agreement - monitors	188,000	-	188,000	283,544	(95,544)
Stikine students	233,000	(55,000)	178,000	127,500	50,500
Yukon Teachers' Association - substitute teachers	35,000	-	35,000	47,702	(12,702)
Charles R. Bronfman Foundation Heritage	2,000	-	2,000	3,987	(1,987)
Student information and assessments	9,000	-	9,000	461	8,539
Student financial assistance - Millennium scholarship fund	40,000	-	40,000	50,000	(10,000)
Capital					
F.H. Collins Secondary School - Canada Games lower bench upgrade	105,000	-	105,000	105,000	-
	737,000	(55,000)	682,000	749,736	(67,736)
Less funding for tangible capital assets transferred to deferred capital contributions	(105,000)	-	(105,000)	(105,000)	-
	632,000	(55,000)	577,000	644,736	(67,736)
Amortization of deferred capital contributions	134,000	-	134,000	134,880	(880)
Total revenues	**3,881,000**	**502,000**	**4,383,000**	**4,378,463**	**4,537**

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2007

Energy, Mines and Resources

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
From Canada					
Operations and maintenance					
Parks Canada - library access	$ 10,000	$ -	$ 10,000	$ 10,470	$ (470)
Agriculture Canada					
- farm income payment program	273,000	-	273,000	273,000	-
- agriculture policy framework	321,000	-	321,000	273,468	47,532
- rent	3,000	-	3,000	3,000	-
- national water supply expansion program	100,000	-	100,000	-	100,000
Energy Solutions Centre					
- Natural Resources Canada	200,000	(75,000)	125,000	124,309	691
Type II mine sites - Indian and Northern Affairs Canada	10,411,000	(3,663,000)	6,748,000	5,716,333	1,031,667
Yukon Placer Regime Secretariat					
- Fisheries and Oceans Canada	228,000	(41,000)	187,000	187,068	(68)
Forest inventory - Natural Resources Canada	-	19,000	19,000	19,125	(125)
Capital					
Forest inventory	250,000	(130,000)	120,000	52,673	67,327
Resource assessment - minerals	-	200,000	200,000	223,292	(23,292)
Geological surveys	-	158,000	158,000	86,742	71,258
	11,796,000	(3,532,000)	8,264,000	6,969,480	1,294,520
Taxes and general revenues					
Lands					
- lands administration/interest	15,000	-	15,000	55,051	(40,051)
- land sales fees	7,000	-	7,000	25,001	(18,001)
- unearned equity	1,000	-	1,000	16,466	(15,466)
- land leases	150,000	-	150,000	152,582	(2,582)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Taxes and general revenues (continued)					
Lands (continued)					
- land use fees	$ 11,000	$ -	$ 11,000	$ 78,404	$ (67,404)
- quarrying royalties and leases	18,000	-	18,000	15,360	2,640
- sale of undeveloped land	125,000	-	125,000	1,263,345	(1,138,345)
- royalties collected on lease agreements	10,000	-	10,000	63,904	(53,904)
- other royalties	20,000	-	20,000	3,570	16,430
Forestry					
- application fees	10,000	-	10,000	2,695	7,305
- stumpage dues	20,000	-	20,000	8,397	11,603
- engineering levy	5,000	-	5,000	4,007	993
Agricultural land application and grazing lease fees	4,000	-	4,000	4,701	(701)
Oil and gas resource revenue					
- royalties	6,000,000	(4,000,000)	2,000,000	1,764,393	235,607
- rentals and administration	16,000	-	16,000	12,668	3,332
Sale of maps	10,000	-	10,000	-	10,000
Mineral resources					
- coal leases, permits and royalties	48,000	-	48,000	83,510	(35,510)
- placer mining fees	250,000	-	250,000	244,408	5,592
- quartz mining fees and leases	500,000	-	500,000	1,093,949	(593,949)
- maps, publications and charts	5,000	-	5,000	12,259	(7,259)
- mining fees - miscellaneous	-	-	-	390	(390)
Energy Solutions Centre					
- course related	-	-	-	41,974	(41,974)
- equipment rental	-	-	-	525	(525)
	7,225,000	(4,000,000)	3,225,000	4,947,559	(1,722,559)

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources					
Third-party recoveries					
Operations and maintenance					
Land - legal surveys	$ 10,000	$ -	$ 10,000	$ 2,500	$ 7,500
Agriculture conference	2,000	-	2,000	1,092	908
Master gardener course	2,000	-	2,000	-	2,000
Energy Solutions Centre					
- Yukon Development Corporation	400,000	-	400,000	400,000	-
- equipment rentals	-	-	-	521	(521)
Capital					
Forest engineering	360,000	(360,000)	-	-	-
Agricultural land development	50,000	432,000	482,000	-	482,000
Joint First Nation/Yukon Government					
- land management project	-	70,000	70,000	-	70,000
	824,000	142,000	966,000	404,113	561,887
Less land recoveries transferred to land held for sale	(50,000)	(502,000)	(552,000)	-	(552,000)
	774,000	(360,000)	414,000	404,113	9,887
Amortization of deferred capital contributions	33,000	-	33,000	33,192	(192)
Total revenues	**19,828,000**	**(7,892,000)**	**11,936,000**	**12,354,344**	**(418,344)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
From Canada					
Operations and maintenance					
Inuvialuit Final Agreement	$ 964,000	$ 7,000	$ 971,000	$ 964,178	$ 6,822
Habitat stewardship program for species at risk	-	21,000	21,000	59,649	(38,649)
Environment Canada	-	-	-	3,000	(3,000)
Parks Canada					
- NatureServe - data mining	-	-	-	37,800	(37,800)
- Porcupine Caribou satelite program	-	-	-	6,000	(6,000)
- miscellaneous	-	-	-	2,497	(2,497)
	964,000	28,000	992,000	1,073,124	(81,124)
Taxes and general revenues					
Campground permits	306,000	-	306,000	283,387	22,613
Wilderness tourism licensing	8,000	-	8,000	9,100	(1,100)
Hunting licences and seals	322,000	-	322,000	358,710	(36,710)
Trapping and fur licences	6,000	-	6,000	6,093	(93)
Fishing licences	240,000	-	240,000	266,388	(26,388)
Outfitting fees	10,000	-	10,000	9,479	521
Environmental permits	-	-	-	960	(960)
Miscellaneous permits & fees	-	-	-	575	(575)
	892,000	-	892,000	934,692	(42,692)

GOVERNMENT OF YUKON

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Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Environment					
Third-party recoveries					
Operations and maintenance					
Yukon Wildlife Preserve	$ 50,000	$ -	$ 50,000	$ -	$ 50,000
Advertising recoveries - publications	10,000	-	10,000	8,742	1,258
Mapping recoveries	10,000	-	10,000	938	9,062
Miscellaneous partnerships	100,000	(38,000)	62,000	-	62,000
Freshwater fisheries agreement					
- Yukon Development Corporation	20,000	-	20,000	-	20,000
Compulsory inspections					
- Province of British Columbia	2,000	-	2,000	1,500	500
Conservation Action Team	2,000	-	2,000	2,100	(100)
Special waste collection	60,000	38,000	98,000	98,203	(203)
Nature serve Yukon					
- Nature Conservancy of Canada	35,000	-	35,000	34,750	250
Boreal forest project					
- University of British Columbia	50,000	-	50,000	43,459	6,541
Porcupine Caribou satelite program	-	-	-	13,075	(13,075)
Miscellaneous	-	-	-	200	(200)
	339,000	-	339,000	202,967	136,033
Total revenues	**2,195,000**	**28,000**	**2,223,000**	**2,210,783**	**12,217**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance					
From Canada					
Formula Financing grant	$ 505,918,000	$ 10,900,000	$ 516,818,000	$ 516,818,999	$ (999)
Canada health transfer	22,172,000	(1,213,000)	20,959,000	21,010,500	(51,500)
Other health care transfers					
- Public health and immunization trust	140,000	(140,000)	-	-	-
- Canada health and social transfer supplement trust	-	(17,000)	(17,000)	34,000	(51,000)
- Health reform trust	-	1,000	1,000	1,000	-
Canada social transfer	9,464,000	(306,000)	9,158,000	9,189,000	(31,000)
Northern strategy trust	13,333,000	(13,333,000)	-	-	-
Devolution transfer agreement					
- Environmental assessment	-	1,542,000	1,542,000	1,542,458	(458)
Post-secondary infrastructure trust	-	952,000	952,000	952,377	(377)
Public transit capital trust	-	855,000	855,000	854,781	219
Affordable housing trust	-	760,000	760,000	760,329	(329)
Northern housing trust	-	50,000,000	50,000,000	50,000,000	-
	551,027,000	50,001,000	601,028,000	601,163,444	(135,444)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Finance					
Taxes and general revenues					
Personal income tax	$ 41,000,000	$ 1,500,000	$ 42,500,000	$ 44,034,286	$ (1,534,286)
Corporate income tax	3,080,000	1,000,000	4,080,000	4,380,884	(300,884)
Fuel oil tax - diesel	2,660,000	-	2,660,000	2,864,568	(204,568)
Fuel oil tax - other	3,752,000	-	3,752,000	3,682,819	69,181
Insurance premium tax	1,442,000	-	1,442,000	1,514,589	(72,589)
Tobacco tax	6,299,000	400,000	6,699,000	6,978,003	(279,003)
Banking and investment	2,000,000	5,000,000	7,000,000	7,557,966	(557,966)
Interest on accounts receivable	10,000	-	10,000	15,102	(5,102)
Exchange	4,000	-	4,000	9,440	(5,440)
Loan guarantee fees	2,000	-	2,000	-	2,000
Miscellaneous revenue	20,000	(6,000)	14,000	63,364	(49,364)
Business loan interest	-	-	-	269,686	(269,686)
	60,269,000	7,894,000	68,163,000	71,370,707	(3,207,707)
Third-party recoveries					
Operations and maintenance					
Workers' Compensation Health and Safety Board payroll	6,000	-	6,000	12,000	(6,000)
Charge card incentive	10,000	-	10,000	51,276	(41,276)
Capital					
Loan guarantee contingency	250,000	-	250,000	-	250,000
	266,000	-	266,000	63,276	202,724
Total revenues	**611,562,000**	**57,895,000**	**669,457,000**	**672,597,427**	**(3,140,427)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
From Canada					
Grants from Canada					
Territorial health access fund	$ 6,333,000	$ -	$ 6,333,000	$ 6,333,332	$ (332)
Wait times reduction fund	1,198,000	(1,198,000)	-	-	-
Medical travel fund	-	1,600,000	1,600,000	1,600,000	-
Early learning and child care fund	-	619,000	619,000	619,370	(370)
Operations and maintenance					
Territorial health access fund	87,000	(87,000)	-	-	-
Child welfare					
- Indian and Northern Affairs Canada (INAC)	7,557,000	-	7,557,000	7,754,616	(197,616)
Federal child benefit	482,000	-	482,000	529,442	(47,442)
Transition home - INAC	294,000	-	294,000	372,375	(78,375)
Dawson shelter - INAC	21,000	-	21,000	2,500	18,500
Young offenders agreement	1,102,000	-	1,102,000	1,017,298	84,702
Youth criminal justice - cost sharing agreements	225,000	(75,000)	150,000	228,970	(78,970)
Social services - INAC	402,000	-	402,000	419,296	(17,296)
Yukon child benefit - INAC	450,000	-	450,000	674,400	(224,400)
Continuing Care Facilities - Whitehorse - INAC	1,704,000	576,000	2,280,000	2,562,058	(282,058)
McDonald Lodge - Dawson - INAC	250,000	(100,000)	150,000	225,701	(75,701)
Home care - INAC	100,000	(4,000)	96,000	83,304	12,696
Home care - Dawson - INAC	10,000	4,000	14,000	12,731	1,269
Emergency travel recoveries					
- non-insured health benefits medical travel	850,000	80,000	930,000	868,315	61,685
Communication aids	115,000	10,000	125,000	23,993	101,007
Hearing assessments	15,000	-	15,000	617	14,383
Community nursing					
- Lower Post recovery	15,000	-	15,000	-	15,000
- Whitehorse Health Centre vaccines	92,000	41,000	133,000	-	133,000
Primary health care transition fund	-	171,000	171,000	223,495	(52,495)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
From Canada (continued)					
Operations and maintenance (continued)					
National diabetes surveillance system	$ -	$ 104,000	$ 104,000	$ 109,300	$ (5,300)
Environmental health - Health Canada	-	17,000	17,000	18,015	(1,015)
Tobacco reduction mass media campaign	-	166,000	166,000	42,676	123,324
Other health promotion projects	-	-	-	14,250	(14,250)
Health Canada - nurse liaison	-	-	-	27,745	(27,745)
Prior year recovery: national diabetes surveillance system	-	-	-	104,075	(104,075)
	21,302,000	1,924,000	23,226,000	23,867,874	(641,874)
Taxes and general revenues					
Registration and fees	34,000	-	34,000	42,729	(8,729)
Environmental health - inspection/permits	8,000	-	8,000	10,275	(2,275)
	42,000	-	42,000	53,004	(11,004)
Third-party recoveries					
Operations and maintenance					
Family and children's services - client recovery	4,000	-	4,000	1,794	2,206
Social services - client recovery	50,000	-	50,000	42,406	7,594
Continuing care facilities - Whitehorse					
- residents	783,000	(143,000)	640,000	694,848	(54,848)
- adult day program	13,000	(12,000)	1,000	2,038	(1,038)
- Province of British Columbia	-	-	-	134,244	(134,244)
Workers' Compensation injury prevention project	-	-	-	21,630	(21,630)
McDonald Lodge - Dawson - residents	60,000	(35,000)	25,000	30,809	(5,809)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services					
Third-party recoveries (continued)					
Operations and maintenance (continued)					
Third party					
- medical care	$ 25,000	$ -	$ 25,000	$ 42,196	$ (17,196)
- hospital care	70,000	-	70,000	101,363	(31,363)
- medical travel	260,000	(45,000)	215,000	168,792	46,208
Emergency travel recoveries - non-residents medical travel	200,000	15,000	215,000	455,444	(240,444)
Reciprocal billing	1,715,000	60,000	1,775,000	2,086,143	(311,143)
Communication aids	115,000	10,000	125,000	229,143	(104,143)
Hearing assessments	15,000	-	15,000	26,907	(11,907)
Environmental health - Foodsafe course	1,000	(1,000)	-	-	-
Community nursing					
- telehealth	2,000	-	2,000	6,209	(4,209)
- patient services	446,000	141,000	587,000	604,966	(17,966)
- drug recoveries	32,000	28,000	60,000	17,696	42,304
- rent/utility recoveries	113,000	-	113,000	107,710	5,290
- other recoveries	2,000	-	2,000	1,221	779
- Whitehorse Health Centre vaccines	50,000	115,000	165,000	63,240	101,760
- third party - ambulance	100,000	25,000	125,000	133,876	(8,876)
Chronic disease program	-	-	-	2,700	(2,700)
Capital					
Systems development	-	190,000	190,000	288,388	(98,388)
	4,056,000	348,000	4,404,000	5,263,763	(859,763)
Amortization of deferred capital contributions	1,399,000	33,000	1,432,000	1,434,689	(2,689)
Total revenues	**26,799,000**	**2,305,000**	**29,104,000**	**30,619,330**	**(1,515,330)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
From Canada					
Operations and maintenance					
Information and communications service agreements	$ 73,000	$ -	$ 73,000	$ 97,440	$ (24,440)
Transportation recoverable services	29,000	-	29,000	33,789	(4,789)
National safety code agreement	128,000	-	128,000	127,930	70
Airports	4,000	-	4,000	43,680	(39,680)
French language services - Canadian Heritage	1,344,000	201,000	1,545,000	1,551,000	(6,000)
Weigh station	-	-	-	22,630	(22,630)
Capital					
Mobile communications solution	72,000	-	72,000	60,500	11,500
Transportation planning & engineering	60,000	172,000	232,000	126,851	105,149
Alaska Highway - Canadian strategic infrastructure fund	2,666,000	(242,000)	2,424,000	2,371,944	52,056
Project management services	500,000	-	500,000	292,186	207,814
French language services					
- office furniture, equipment, systems and space	6,000	8,000	14,000	14,000	-
Bridge rehabilitation	-	701,000	701,000	643,820	57,180
Airports					
- Dawson City	-	157,000	157,000	102,177	54,823
- Old Crow	-	1,817,000	1,817,000	1,657,663	159,337
- Whitehorse	-	145,000	145,000	15,197	129,803
Corporate computer equipment and systems	-	66,000	66,000	122,766	(56,766)
Klondike Highway	-	300,000	300,000	300,000	-
	4,882,000	3,325,000	8,207,000	7,583,573	623,427
Less funding for tangible capital assets transferred to deferred capital contributions	-	(4,983,000)	(4,983,000)	(4,449,488)	(533,512)
	4,882,000	(1,658,000)	3,224,000	3,134,085	89,915

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
Taxes and general revenues					
Access to Information and Protection of Privacy	$ 5,000	$ 5,000	$ 10,000	$ 9,322	$ 678
Connect Yukon - management fee	17,000	28,000	45,000	45,000	-
Highway information signs/permits	14,000	-	14,000	14,870	(870)
Aviation operations	661,000	-	661,000	772,056	(111,056)
Motor Transport Board fees	14,000	-	14,000	16,254	(2,254)
Weigh station fees	82,000	-	82,000	91,904	(9,904)
Adult French language class fees	47,000	(25,000)	22,000	19,250	2,750
	840,000	8,000	848,000	968,656	(120,656)
Third-party recoveries					
Operations and maintenance					
Deposit forfeitures	1,000	-	1,000	-	1,000
Information and communications service agreements	262,000	-	262,000	246,330	15,670
Highways employee housing	35,000	-	35,000	21,972	13,028
Transportation recoverable services	271,000	-	271,000	240,297	30,703
Airports	1,422,000	69,000	1,491,000	1,503,698	(12,698)
Queen's Printer subscriptions	65,000	-	65,000	37,753	27,247
Travel agent processing	23,000	-	23,000	15,655	7,345
Adult French language class fees	3,000	-	3,000	2,940	60
Prior year recovery - insurance	-	-	-	6,460	(6,460)
Capital					
Alaska Highway - Shakwak	34,750,000	7,250,000	42,000,000	41,641,275	358,725
Sale of government surplus equipment	15,000	-	15,000	16,053	(1,053)

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works					
Third-party recoveries (continued)					
Project management services	$ 500,000	$ -	$ 500,000	$ 8,228	$ 491,772
Bridges - numbered highways	-	15,000	15,000	-	15,000
Airports - Whitehorse airport	-	39,000	39,000	3,120	35,880
	37,347,000	7,373,000	44,720,000	43,743,781	976,219
Less funding for tangible capital assets transferred to deferred capital contributions	(28,440,000)	(7,250,000)	(35,690,000)	(37,695,000)	2,005,000
	8,907,000	123,000	9,030,000	6,048,781	2,981,219
Amortization of deferred capital contributions	13,083,000	(1,257,000)	11,826,000	12,068,353	(242,353)
Total revenues	**27,712,000**	**(2,784,000)**	**24,928,000**	**22,219,875**	**2,708,125**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

Justice

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
From Canada					
Operations and maintenance					
Child support guidelines	$ 207,000	$ (50,000)	$ 157,000	$ 189,171	$ (32,171)
Family Law Information Centre	40,000	-	40,000	-	40,000
Legal aid	864,000	-	864,000	864,119	(119)
Aboriginal courtworker program	158,000	-	158,000	158,028	(28)
Yukon Public Legal Education Association	70,000	-	70,000	70,000	-
Institutional facilities	10,000	-	10,000	45,515	(35,515)
Parole supervision	70,000	-	70,000	70,000	-
Justice Canada					
- Outreach worker	50,000	-	50,000	50,000	-
- Counselling for kids	50,000	-	50,000	50,000	-
- Victim services	-	8,000	8,000	8,000	-
Jury debriefing project	-	20,000	20,000	1,630	18,370
Substance abuse coordinator	-	22,000	22,000	-	22,000
National victims of crime awareness week	-	5,000	5,000	4,981	19
National Crime Prevention Centre	-	167,000	167,000	115,267	51,733
Fetal alcohol spectrum disorder reasearch	-	47,000	47,000	-	47,000
Community court data evaluation	-	50,000	50,000	50,000	-
Administration of justice	-	35,000	35,000	10,031	24,969
Northern institute of justice feasibility study					
- RCMP	-	20,000	20,000	14,109	5,891
- Justice Canada	-	43,000	43,000	-	43,000
Community justice information exchange	-	10,000	10,000	9,476	524
Witness program - video conferencing	-	-	-	218	(218)
Capital					
Child support guidelines	-	10,000	10,000	16,614	(6,614)
	1,519,000	387,000	1,906,000	1,727,159	178,841

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Justice					
Taxes and general revenues					
Fines - Territorial Court	$ 400,000	$ -	$ 400,000	$ 397,227	$ 2,773
Sheriff's Office	20,000	-	20,000	31,777	(11,777)
Public Administrator fees	2,000	80,000	82,000	101,061	(19,061)
Land titles fees	186,000	-	186,000	246,510	(60,510)
	608,000	80,000	688,000	776,575	(88,575)
Third-party recoveries					
Operations and maintenance					
Worker advocate	387,000	-	387,000	386,715	285
Witness program - videoconferencing	4,000	-	4,000	2,949	1,051
Public Utilities Board hearings	100,000	-	100,000	140,883	(40,883)
Outreach worker - Province of British Columbia	3,000	7,000	10,000	11,000	(1,000)
Substance abuse coordinator	22,000	(22,000)	-	-	-
	516,000	(15,000)	501,000	541,547	(40,547)
Total revenues	**2,643,000**	**452,000**	**3,095,000**	**3,045,281**	**49,719**
Public Service Commission					
Third-party recoveries					
Operations and maintenance					
Staff development - operations	**45,000**	-	**45,000**	**12,608**	**32,392**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture					
From Canada					
Operations and maintenance					
Canadian heritage properties incentive fund	$ -	$ 21,000	$ 21,000	$ 10,000	$ 11,000
Capital					
Historic places initiative	300,000	16,000	316,000	300,129	15,871
Virtual museums - Mount Logan	118,000	-	118,000	118,475	(475)
	418,000	37,000	455,000	428,604	26,396
Taxes and general revenues					
Yukon Beringia Interpretive Centre	70,000	-	70,000	68,768	1,232
Archives - photocopier fees	6,000	-	6,000	5,447	553
Archives - sale of photographs	6,000	-	6,000	1,963	4,037
Vacation guide advertising revenue	115,000	-	115,000	108,519	6,481
	197,000	-	197,000	184,697	12,303
Third-party recoveries					
Operations and maintenance					
Yukon Lottery Commission	240,000	30,000	270,000	245,000	25,000
City of Whitehorse - information kiosk	15,000	(15,000)	-	-	-
Joint Yukon/Alaska marketing program	143,000	-	143,000	128,150	14,850
	398,000	15,000	413,000	373,150	39,850
Total revenues	**1,013,000**	**52,000**	**1,065,000**	**986,451**	**78,549**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Yukon Liquor Corporation					
Taxes and general revenues					
Corporate net income	$ 5,886,000	$ (30,000)	$ 5,856,000	$ 6,242,833	$ (386,833)
Liquor tax	2,883,000	-	2,883,000	3,021,432	(138,432)
Total revenues	**8,769,000**	**(30,000)**	**8,739,000**	**9,264,265**	**(525,265)**
Interest					
Third-party recoveries					
Operations and maintenance					
Interest	**493,000**	**(246,000)**	**247,000**	**343,884**	**(96,884)**
Restricted Funds					
Third-party recoveries					
Operations and maintenance					
Restricted funds	-	-	-	989,907	(989,907)
Amortization of deferred capital contributions	-	-	-	75,572	(75,572)
Total revenues	**-**	**-**	**-**	**1,065,479**	**(1,065,479)**

GOVERNMENT OF YUKON

Schedule 2

Schedule of Revenues by Department
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Estimates	Actual	Under (Over) Estimates
Totals					
From Canada	$ 609,676,000	$ 52,224,000	$ 661,900,000	$ 657,081,255	$ 4,818,745
Taxes and general revenues	86,427,000	5,137,000	91,564,000	98,585,300	(7,021,300)
Third-party recoveries	66,782,000	9,975,000	76,757,000	68,373,941	8,383,059
Less: Funding for tangible capital assets transferred to deferred capital contributions	(32,262,000)	(12,279,000)	(44,541,000)	(47,684,667)	3,143,667
Land recoveries transferred to land held for sale	(12,773,000)	(2,138,000)	(14,911,000)	(5,385,306)	(9,525,694)
Local improvement recoveries transferred to loans receivable	(1,200,000)	(95,000)	(1,295,000)	(320,651)	(974,349)
Amortization of deferred capital contributions	14,701,000	(1,229,000)	13,472,000	13,794,262	(322,262)
Total revenues	**$ 731,351,000**	**$ 51,595,000**	**$ 782,946,000**	**$ 784,444,134**	**$ (1,498,134)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Yukon Legislative Assembly			
Operations and maintenance			
Legislative services	$ 2,146,848	$ 2,025,738	$ 121,110
Legislative Assembly Office	606,038	543,054	62,984
Retirement allowances and death benefits	(457,601)	668,338	(1,125,939)
Hansard	379,846	350,412	29,434
Conflicts Commission	37,860	23,736	14,124
	2,712,991	3,611,278	(898,287)
Capital			
Legislative Assembly Office	39,100	39,866	(766)
Amortization expenses	6,930	6,930	-
Total expenses	**2,759,021**	**3,658,074**	**(899,053)**
Elections Office			
Operations and maintenance			
Elections	662,368	254,893	407,475
Capital			
Elections	-	1,749	(1,749)
Total expenses	**662,368**	**256,642**	**405,726**
Office of the Ombudsman			
Operations and maintenance			
Office of the Ombudsman	433,775	403,506	30,269
Capital			
Office of the Ombudsman	6,449	13,803	(7,354)
Total expenses	**440,224**	**417,309**	**22,915**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Executive Council Office			
Operations and maintenance			
Corporate services	$ 3,201,346	$ 3,014,243	$ 187,103
Land Claims and Implementation Secretariat	6,713,229	6,710,228	3,001
Devolution	614,898	737,801	(122,903)
Intergovernmental relations	1,151,052	1,044,912	106,140
Government audit services	316,827	315,571	1,256
Office of the Commissioner	142,005	140,809	1,196
Development assessment	781,172	1,069,033	(287,861)
Cabinet Offices	2,015,432	1,968,123	47,309
Yukon Water Board Secretariat	746,282	812,382	(66,100)
Youth Directorate	501,020	516,849	(15,829)
Northern strategy	261,000	-	261,000
	16,444,263	16,329,951	114,312
Capital			
Corporate services	113,063	84,836	28,227
Land Claims and Implementation Secretariat	6,969,331	3,507,394	3,461,937
Youth Directorate	200,000	200,000	-
	7,282,394	3,792,230	3,490,164
Less acquisition of tangible capital assets	(42,015)	(16,600)	(25,415)
	7,240,379	3,775,630	3,464,749
Amortization expenses	11,411	7,794	3,617
Total expenses	**23,696,053**	**20,113,375**	**3,582,678**
Community Services			
Operations and maintenance			
Corporate services	4,226,232	4,037,742	188,490
Protective services	14,403,346	13,619,000	784,346
Community development	32,669,523	29,069,693	3,599,830
Consumer and safety services	3,926,305	3,908,600	17,705
	55,225,406	50,635,035	4,590,371

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Community Services			
Capital			
Corporate services	$ 1,030,273	$ 1,139,690	$ (109,417)
Protective services	2,494,854	2,643,846	(148,992)
Community development	41,914,574	37,800,570	4,114,004
	45,439,701	41,584,106	3,855,595
Less: Acquisition of tangible capital assets	(18,044,021)	(24,179,838)	6,135,817
Land development costs transferred to land held for sale	(5,765,414)	(6,962,383)	1,196,969
Local improvement costs transferred to loans receivable	(864,143)	(1,078,069)	213,926
	20,766,123	9,363,816	11,402,307
Amortization expenses	854,658	771,844	82,814
Total expenses	**76,846,187**	**60,770,695**	**16,075,492**
Economic Development			
Operations and maintenance			
Corporate services	1,280,118	1,190,660	89,458
Policy, planning and research	1,243,990	932,911	311,079
Business and trade	1,046,170	946,442	99,728
Regional economic development	659,747	608,014	51,733
Strategic industries development	1,930,027	1,761,239	168,788
	6,160,052	5,439,266	720,786
Capital			
Corporate services	95,651	56,020	39,631
Policy, planning and research	2,370,569	1,494,785	875,784
Business and trade	2,410,617	1,909,158	501,459
Regional economic development	2,957,031	2,924,209	32,822
Strategic industries development	2,382,060	1,774,232	607,828
	10,215,928	8,158,404	2,057,524
Less acquisition of tangible capital assets	(74,965)	-	(74,965)
	10,140,963	8,158,404	1,982,559

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Economic Development			
Amortization expenses	$ 1,984	$ 2,000	$ (16)
Total expenses	**16,302,999**	**13,599,670**	**2,703,329**
Education			
Operations and maintenance			
Education support services	13,104,851	12,094,840	1,010,011
Public schools	75,022,439	72,057,463	2,964,976
Advanced education	23,687,241	21,677,751	2,009,490
	111,814,531	105,830,054	5,984,477
Capital			
Education support services	131,099	141,751	(10,652)
Public schools	17,236,481	11,244,359	5,992,122
Advanced education	2,788,257	2,589,713	198,544
	20,155,837	13,975,823	6,180,014
Less acquisition of tangible capital assets	(10,931,199)	(5,021,544)	(5,909,655)
	9,224,638	8,954,279	270,359
Amortization expenses	5,143,974	5,130,317	13,657
Total expenses	**126,183,143**	**119,914,650**	**6,268,493**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Energy, Mines and Resources			
Operations and maintenance			
Corporate services	$ 3,306,992	$ 3,181,292	$ 125,700
Sustainable resources	6,553,049	6,561,234	(8,185)
Energy and corporate policy	2,244,647	2,074,599	170,048
Oil and gas and mineral resources	14,390,858	15,785,081	(1,394,223)
Yukon Placer Regime Secretariat	575,402	379,738	195,664
Client services and inspections	4,256,050	4,273,225	(17,175)
	31,326,998	32,255,169	(928,171)
Capital			
Corporate services	751,639	305,014	446,625
Sustainable resources	1,052,736	1,200,289	(147,553)
Energy and corporate policy	60,000	54,704	5,296
Oil and gas and mineral resources	3,823,756	4,566,651	(742,895)
	5,688,131	6,126,658	(438,527)
Less: Acquisition of tangible capital assets	(504,666)	(115,602)	(389,064)
Land development costs transferred to land held for sale	(424,585)	(80,327)	(344,258)
	4,758,880	5,930,729	(1,171,849)
Amortization expenses	99,756	89,505	10,251
Total expenses	**36,185,634**	**38,275,403**	**(2,089,769)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Environment			
Operations and maintenance			
General management	$ 289,205	$ 283,937	$ 5,268
Corporate services	4,886,275	4,830,810	55,465
Environmental sustainability	15,038,012	14,534,319	503,693
	20,213,492	19,649,066	564,426
Capital			
Corporate services	1,038,462	790,657	247,805
Environmental sustainability	1,343,246	1,443,763	(100,517)
	2,381,708	2,234,420	147,288
Less acquisition of tangible capital assets	(351,977)	(274,737)	(77,240)
	2,029,731	1,959,683	70,048
Amortization expenses	155,584	112,674	42,910
Total expenses	**22,398,807**	**21,721,423**	**677,384**
Finance			
Operations and maintenance			
Treasury	4,806,603	5,173,345	(366,742)
Workers' compensation supplementary benefits	372,503	389,624	(17,121)
Bad debts expense	87,920	39,128	48,792
	5,267,026	5,602,097	(335,071)
Capital			
Treasury	38,181	61,433	(23,252)
Bad debts expense	989	209,483	(208,494)
	39,170	270,916	(231,746)
Less acquisition of tangible capital assets	-	(16,890)	16,890
	39,170	254,026	(214,856)
Amortization expenses	4,132	4,132	-
Total expenses	**5,310,328**	**5,860,255**	**(549,927)**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Health and Social Services			
Operations and maintenance			
Policy, planning and administration	$ 5,249,067	$ 4,849,284	$ 399,783
Family and children's services	29,638,205	30,020,802	(382,597)
Social services	41,856,990	40,418,414	1,438,576
Health services	114,886,847	96,309,740	18,577,107
Regional services	4,357,953	4,205,440	152,513
	195,989,062	175,803,680	20,185,382
Capital			
Policy, planning and administration	1,588,548	764,321	824,227
Family and children's services	457,676	455,531	2,145
Social services	2,268,031	2,394,573	(126,542)
Health services	2,090,037	4,901,306	(2,811,269)
	6,404,292	8,515,731	(2,111,439)
Less acquisition of tangible capital assets	(2,780,704)	(3,844,961)	1,064,257
	3,623,588	4,670,770	(1,047,182)
Amortization expenses	2,716,083	2,612,371	103,712
Total expenses	**202,328,733**	**183,086,821**	**19,241,912**
Highways and Public Works			
Operations and maintenance			
Corporate services	4,487,580	4,421,968	65,612
Information and communications technology	6,865,089	6,952,226	(87,137)
Transportation	43,490,546	43,907,165	(416,619)
Supply services	3,141,151	3,096,675	44,476
Property management	16,324,359	16,506,333	(181,974)
French language services	1,703,736	1,547,532	156,204
Central Stores write-off	5,728	164	5,564
	76,018,189	76,432,063	(413,874)
Less capital lease payments transferred to capital lease obligations	(867,770)	(905,601)	37,831
	75,150,419	75,526,462	(376,043)

Schedule 3

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Highways and Public Works			
Capital			
Corporate services	$ 228,255	$ 321,285	$ (93,030)
Information and communications technology	3,287,288	3,514,554	(227,266)
Transportation	66,932,729	60,347,654	6,585,075
Supply services	168,585	59,000	109,585
Property management	4,228,848	4,656,403	(427,555)
French language services	13,810	5,440	8,370
	74,859,515	68,904,336	5,955,179
Less acquisition of tangible capital assets	(53,604,763)	(49,150,817)	(4,453,946)
	21,254,752	19,753,519	1,501,233
Amortization expenses	19,258,926	19,032,787	226,139
Total expenses	**115,664,097**	**114,312,768**	**1,351,329**
Justice			
Operations and maintenance			
Management services	2,431,818	2,246,074	185,744
Court services	5,178,311	4,954,590	223,721
Legal services	4,446,397	4,355,130	91,267
Regulatory services	1,277,656	1,325,188	(47,532)
Community and correctional services	10,471,299	9,618,587	852,712
Community justice and public safety	15,575,238	15,314,543	260,695
Human rights	491,024	477,590	13,434
	39,871,743	38,291,702	1,580,041
Capital			
Management services	314,008	367,296	(53,288)
Court services	1,250	37,264	(36,014)
Community and correctional services	411,579	1,485,757	(1,074,178)
Community justice and public safety	54,293	9,000	45,293
	781,130	1,899,317	(1,118,187)
Less acquisition of tangible capital assets	(427,467)	(562,803)	135,336
	353,663	1,336,514	(982,851)

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Justice			
Amortization expenses	$ 737,608	$ 562,391	$ 175,217
Total expenses	**40,963,014**	**40,190,607**	**772,407**
Public Service Commission			
Operations and maintenance			
Finance and administration	678,690	613,470	65,220
Corporate human resource services	2,194,476	2,122,012	72,464
Employee compensation	1,412,548	1,331,098	81,450
Staff relations	1,149,356	988,658	160,698
Workers' compensation fund	5,882,293	4,118,947	1,763,346
Human resource management systems	525,540	494,815	30,725
Policy and planning	790,812	615,555	175,257
Employee future benefits	14,342,651	10,690,285	3,652,366
Staff development	2,977,894	2,903,200	74,694
	29,954,260	23,878,040	6,076,220
Capital			
Finance and administration	68,806	52,900	15,906
Corporate human resource services	20,719	-	20,719
	89,525	52,900	36,625
Less acquisition of tangible capital assets	(25,650)	(14,982)	(10,668)
	63,875	37,918	25,957
Amortization expenses	9,872	10,790	(918)
Total expenses	**30,028,007**	**23,926,748**	**6,101,259**

Comparative Schedule of Expenses for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Tourism and Culture			
Operations and maintenance			
Corporate services	$ 2,401,052	$ 2,233,594	$ 167,458
Cultural services	4,395,470	4,412,745	(17,275)
Tourism	8,407,337	7,324,425	1,082,912
	15,203,859	13,970,764	1,233,095
Less acquisition of tangible capital assets	(54,904)	-	(54,904)
	15,148,955	13,970,764	1,178,191
Capital			
Corporate services	182,508	216,686	(34,178)
Cultural services	4,635,443	3,711,468	923,975
Tourism	988,464	1,192,905	(204,441)
	5,806,415	5,121,059	685,356
Amortization expenses	612,190	612,866	(676)
Total expenses	**21,567,560**	**19,704,689**	**1,862,871**
Women's Directorate			
Operations and maintenance			
Policy and program development	1,015,302	882,982	132,320
Capital			
Policy and program development	3,252	9,469	(6,217)
Total expenses	**1,018,554**	**892,451**	**126,103**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Yukon Development Corporation (Transfer Payment)			
Capital			
Carmacks-Stewart Crossing transmission line project - planning	**$ 450,000**	**$ -**	**$ 450,000**
Yukon Housing Corporation (Transfer Payment)			
Operations and maintenance	1,917,277	1,337,294	579,983
Capital	1,897,758	2,033,677	(135,919)
Total expenses	**3,815,035**	**3,370,971**	**444,064**
Interest on Loans			
Operations and maintenance			
Interest	**357,204**	**360,179**	**(2,975)**
Restricted Funds			
Operations and maintenance			
Net expenses	(2,623,357)	(4,952,412)	2,329,055
Amortization expenses	3,106,462	3,001,433	105,029
Total expenses	**483,105**	**(1,950,979)**	**2,434,084**

GOVERNMENT OF YUKON

Schedule 3

Comparative Schedule of Expenses
for the year ended March 31, 2007

	2007	2006	Increase (Decrease)
Totals			
Operations and maintenance	$ 607,964,441	$ 566,014,607	$ 41,949,834
Capital	181,540,305	162,734,464	18,805,841
	789,504,746	728,749,071	60,755,675
Less: Acquisition of tangible capital assets	(86,842,331)	(83,198,774)	(3,643,557)
Land development costs transferred to land held for sale	(6,189,999)	(7,042,710)	852,711
Local improvement costs transferred to loans receivable	(864,143)	(1,078,069)	213,926
Capital lease payments transferred to capital lease obligations	(867,770)	(905,601)	37,831
	694,740,503	636,523,917	58,216,586
Amortization expenses	32,719,570	31,957,834	761,736
	$ 727,460,073	**$ 668,481,751**	**$ 58,978,322**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Yukon Legislative Assembly						
Operations and maintenance						
Legislative services	$ 2,270,000	$ -	$ -	$ 2,270,000	$ 2,146,848	$ 123,152
Legislative Assembly Office	665,000	-	-	665,000	606,038	58,962
Retirement allowances and death benefits	757,000	-	-	757,000	(457,601)	1,214,601
Hansard	412,000	-	-	412,000	379,846	32,154
Conflicts Commission	45,000	-	-	45,000	37,860	7,140
	4,149,000	**-**	**-**	**4,149,000**	**2,712,991**	**1,436,009**
Capital						
Legislative Assembly Office	**40,000**	**-**	**-**	**40,000**	**39,100**	**900**
Amortization expense	7,000	-	-	7,000	6,930	70
Total expenses	4,196,000	-	-	4,196,000	2,759,021	1,436,979
Elections Office						
Operations and maintenance						
Elections	**744,000**	**-**	**-**	**744,000**	**662,368**	**81,632**
Capital						
Elections	**5,000**	**-**	**-**	**5,000**	**-**	**5,000**
Total expenses	749,000	-	-	749,000	662,368	86,632

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Office of the Ombudsman						
Operations and maintenance						
Office of the Ombudsman	**$ 453,000**	**$ -**	**$ -**	**$ 453,000**	**$ 433,775**	**$ 19,225**
Capital						
Office of the Ombudsman	**6,000**	**1,000**	**-**	**7,000**	**6,449**	**551**
Total expenses	459,000	1,000	-	460,000	440,224	19,776
Executive Council Office						
Operations and maintenance						
Corporate services	3,013,000	200,000	-	3,213,000	3,201,346	11,654
Land Claims and Implementation Secretariat	8,757,000	(200,000)	-	8,557,000	6,713,229	1,843,771
Devolution	648,000	180,000	-	828,000	614,898	213,102
Intergovernmental relations	1,048,000	-	-	1,048,000	1,151,052	(103,052)
Government audit services	358,000	-	-	358,000	316,827	41,173
Office of the Commissioner	138,000	-	-	138,000	142,005	(4,005)
Development assessment	814,000	-	-	814,000	781,172	32,828
Cabinet Offices	1,976,000	-	-	1,976,000	2,015,432	(39,432)
Yukon Water Board Secretariat	968,000	-	-	968,000	746,282	221,718
Youth Directorate	523,000	-	-	523,000	501,020	21,980
Substance abuse action plan	2,000,000	(1,181,000)	-	819,000	-	819,000
Northern strategy	-	264,000	-	264,000	261,000	3,000
	20,243,000	**(737,000)**	**-**	**19,506,000**	**16,444,263**	**3,061,737**

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Capital						
Corporate services	$ 114,000	$ -	$ -	$ 114,000	$ 113,063	$ 937
Land Claims and Implementation Secretariat	480,000	6,766,000	-	7,246,000	6,969,331	276,669
Youth Directorate	200,000	-	-	200,000	200,000	-
	794,000	**6,766,000**	**-**	**7,560,000**	**7,282,394**	**277,606**
Less acquisition of tangible capital assets	(33,000)	(9,000)	-	(42,000)	(42,015)	15
	761,000	6,757,000	-	7,518,000	7,240,379	277,621
Amortization expense	12,000	-	-	12,000	11,411	589
Total expenses	21,016,000	6,020,000	-	27,036,000	23,696,053	3,339,947

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Corporate services	$ 4,443,000	$ -	$ -	$ 4,443,000	$ 4,226,232	$ 216,768
Protective services	13,608,000	700,000	-	14,308,000	14,403,346	(95,346)
Community development	28,482,000	3,846,000	-	32,328,000	32,669,523	(341,523)
Consumer and safety services	4,024,000	40,000	-	4,064,000	3,926,305	137,695
	50,557,000	**4,586,000**	**-**	**55,143,000**	**55,225,406**	**(82,406)**
Capital						
Corporate services	1,467,000	141,000	-	1,608,000	1,030,273	577,727
Protective services	2,664,000	-	-	2,664,000	2,494,854	169,146
Community development	45,516,000	13,473,000	-	58,989,000	41,914,574	17,074,426
	49,647,000	**13,614,000**	**-**	**63,261,000**	**45,439,701**	**17,821,299**
Less: Acquisition of tangible capital assets	(13,635,000)	(7,174,000)	-	(20,809,000)	(18,044,021)	(2,764,979)
Land development costs transferred to land held for sale	(12,723,000)	(1,636,000)	-	(14,359,000)	(5,765,414)	(8,593,586)
Local improvement costs transferred to loans receivable	(1,200,000)	(95,000)	-	(1,295,000)	(864,143)	(430,857)
	22,089,000	4,709,000	-	26,798,000	20,766,123	6,031,877
Amortization expense	896,000	-	-	896,000	854,658	41,342
Total expenses	73,542,000	9,295,000	-	82,837,000	76,846,187	5,990,813

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Operations and maintenance						
Corporate services	$ 1,396,000	$ -	$ -	$ 1,396,000	$ 1,280,118	$ 115,882
Policy, planning and research	1,267,000	40,000	-	1,307,000	1,243,990	63,010
Business and trade	1,159,000	(30,000)	-	1,129,000	1,046,170	82,830
Regional economic development	928,000	(10,000)	-	918,000	659,747	258,253
Strategic industries development	1,998,000	10,000	-	2,008,000	1,930,027	77,973
	6,748,000	**10,000**	**-**	**6,758,000**	**6,160,052**	**597,948**
Capital						
Corporate services	77,000	21,000	-	98,000	95,651	2,349
Policy, planning and research	2,100,000	678,000	-	2,778,000	2,370,569	407,431
Business and trade	2,009,000	746,000	-	2,755,000	2,410,617	344,383
Regional economic development	3,787,000	123,000	-	3,910,000	2,957,031	952,969
Strategic industries development	2,432,000	1,251,000	-	3,683,000	2,382,060	1,300,940
	10,405,000	**2,819,000**	**-**	**13,224,000**	**10,215,928**	**3,008,072**
Less acquisition of tangible capital assets	-	(75,000)	-	(75,000)	(74,965)	(35)
	10,405,000	2,744,000	-	13,149,000	10,140,963	3,008,037
Amortization expense	2,000	-	-	2,000	1,984	16
Total expenses	17,155,000	2,754,000	-	19,909,000	16,302,999	3,606,001

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Education support services	$ 12,957,000	$ 419,000	$ -	$ 13,376,000	$ 13,104,851	$ 271,149
Public schools	72,935,000	2,397,000	-	75,332,000	75,022,439	309,561
Advanced education	22,251,000	1,909,000	-	24,160,000	23,687,241	472,759
	108,143,000	**4,725,000**	**-**	**112,868,000**	**111,814,531**	**1,053,469**
Capital						
Education support services	132,000	-	-	132,000	131,099	901
Public schools	14,928,000	3,892,000	-	18,820,000	17,236,481	1,583,519
Advanced education	2,585,000	747,000	-	3,332,000	2,788,257	543,743
	17,645,000	**4,639,000**	**-**	**22,284,000**	**20,155,837**	**2,128,163**
Less acquisition of tangible capital assets	(9,160,000)	(2,610,000)	-	(11,770,000)	(10,931,199)	(838,801)
	8,485,000	2,029,000	-	10,514,000	9,224,638	1,289,362
Amortization expense	5,539,000	(386,000)	-	5,153,000	5,143,974	9,026
Loss on disposal of tangible capital assets	1,076,000	(1,076,000)	-	-	-	-
Total expenses	123,243,000	5,292,000	-	128,535,000	126,183,143	2,351,857

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance						
Corporate services	$ 3,385,000	$ 116,000	$ -	$ 3,501,000	$ 3,306,992	$ 194,008
Sustainable resources	6,839,000	150,000	-	6,989,000	6,553,049	435,951
Energy and corporate policy	3,188,000	(451,000)	-	2,737,000	2,244,647	492,353
Oil and gas and mineral resources	19,635,000	(3,804,000)	-	15,831,000	14,390,858	1,440,142
Yukon Placer Regime Secretariat	708,000	50,000	-	758,000	575,402	182,598
Client services and inspections	4,384,000	-	-	4,384,000	4,256,050	127,950
	38,139,000	**(3,939,000)**	**-**	**34,200,000**	**31,326,998**	**2,873,002**
Capital						
Corporate services	648,000	(10,000)	-	638,000	751,639	(113,639)
Sustainable resources	1,100,000	644,000	-	1,744,000	1,052,736	691,264
Energy and corporate policy	50,000	-	23,000	73,000	60,000	13,000
Oil and gas and mineral resources	3,723,000	453,000	(23,000)	4,153,000	3,823,756	329,244
	5,521,000	**1,087,000**	**-**	**6,608,000**	**5,688,131**	**919,869**
Less: Acquisition of tangible capital assets	(355,000)	(180,000)	-	(535,000)	(504,666)	(30,334)
Land development costs transferred to land held for sale	(50,000)	(502,000)	-	(552,000)	(424,585)	(127,415)
	5,116,000	405,000	-	5,521,000	4,758,880	762,120
Amortization expense	103,000	(3,000)	-	100,000	99,756	244
Total expenses	43,358,000	(3,537,000)	-	39,821,000	36,185,634	3,635,366

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Operations and maintenance						
General management	$ 279,000	$ 6,000	$ 5,000	$ 290,000	$ 289,205	$ 795
Corporate services	5,187,000	1,000	(30,000)	5,158,000	4,886,275	271,725
Environmental sustainability	14,588,000	713,000	25,000	15,326,000	15,038,012	287,988
	20,054,000	**720,000**	-	**20,774,000**	**20,213,492**	**560,508**
Capital						
Corporate services	1,325,000	159,000	6,000	1,490,000	1,038,462	451,538
Environmental sustainability	1,629,000	(10,000)	(6,000)	1,613,000	1,343,246	269,754
	2,954,000	**149,000**	-	**3,103,000**	**2,381,708**	**721,292**
Less acquisition of tangible capital assets	(586,000)	(132,000)	-	(718,000)	(351,977)	(366,023)
	2,368,000	17,000	-	2,385,000	2,029,731	355,269
Amortization expense	130,000	(4,000)	-	126,000	155,584	(29,584)
Total expenses	22,552,000	733,000	-	23,285,000	22,398,807	886,193

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Finance						
Operations and maintenance						
Treasury	$ 4,821,000	$ 113,000	$ -	$ 4,934,000	$ 4,806,603	$ 127,397
Workers' compensation supplementary benefits	426,000	-	-	426,000	372,503	53,497
Bad debts expense	48,000	-	-	48,000	87,920	(39,920)
	5,295,000	**113,000**	-	**5,408,000**	**5,267,026**	**140,974**
Capital						
Treasury	297,000	-	-	297,000	38,181	258,819
Bad debts expense	-	-	-	-	989	(989)
	297,000	-	-	**297,000**	**39,170**	**257,830**
Amortization expense	4,000	-	-	4,000	4,132	(132)
Total expenses	5,596,000	113,000	-	5,709,000	5,310,328	398,672

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance						
Policy, planning and administration	$ 5,042,000	$ 60,000	$ -	$ 5,102,000	$ 5,249,067	$ (147,067)
Family and children's services	31,257,000	117,000	-	31,374,000	29,638,205	1,735,795
Social services	43,802,000	304,000	-	44,106,000	41,856,990	2,249,010
Health services	91,412,000	21,681,000	-	113,093,000	114,886,847	(1,793,847)
Regional services	4,109,000	263,000	-	4,372,000	4,357,953	14,047
	175,622,000	**22,425,000**	**-**	**198,047,000**	**195,989,062**	**2,057,938**
Capital						
Policy, planning and administration	1,714,000	572,000	-	2,286,000	1,588,548	697,452
Family and children's services	623,000	14,000	-	637,000	457,676	179,324
Social services	3,691,000	(488,000)	-	3,203,000	2,268,031	934,969
Health services	1,951,000	401,000	-	2,352,000	2,090,037	261,963
	7,979,000	**499,000**	**-**	**8,478,000**	**6,404,292**	**2,073,708**
Less acquisition of tangible capital assets	(4,263,000)	1,196,000	-	(3,067,000)	(2,780,704)	(286,296)
	3,716,000	1,695,000	-	5,411,000	3,623,588	1,787,412
Amortization expense	2,683,000	30,000	-	2,713,000	2,716,083	(3,083)
Total expenses	182,021,000	24,150,000	-	206,171,000	202,328,733	3,842,267

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Operations and maintenance						
Corporate services	$ 4,610,000	$ (58,000)	$ -	$ 4,552,000	$ 4,487,580	$ 64,420
Information and communications technology	7,240,000	(313,000)	-	6,927,000	6,865,089	61,911
Transportation	44,026,000	253,000	-	44,279,000	43,490,546	788,454
Supply services	3,138,000	35,000	-	3,173,000	3,141,151	31,849
Property management	16,149,000	200,000	-	16,349,000	16,324,359	24,641
French language services	1,575,000	176,000	-	1,751,000	1,703,736	47,264
Central Stores write-off	-	-	-	-	5,728	(5,728)
	76,738,000	**293,000**	**-**	**77,031,000**	**76,018,189**	**1,012,811**
Less capital lease payments transferred to capital lease obligations	-	-	-	-	(867,770)	867,770
	76,738,000	293,000	-	77,031,000	75,150,419	1,880,581
Capital						
Corporate services	278,000	(39,000)	1,000	240,000	228,255	11,745
Information and communications technology	7,859,000	(4,387,000)	-	3,472,000	3,287,288	184,712
Transportation	57,854,000	15,195,000	(1,000)	73,048,000	66,932,729	6,115,271
Supply services	86,000	108,000	-	194,000	168,585	25,415
Property management	6,363,000	16,000	-	6,379,000	4,228,848	2,150,152
French language services	6,000	8,000	-	14,000	13,810	190
	72,446,000	**10,901,000**	**-**	**83,347,000**	**74,859,515**	**8,487,485**
Less acquisition of tangible capital assets	(49,844,000)	(8,174,000)	-	(58,018,000)	(53,604,763)	(4,413,237)
	22,602,000	2,727,000	-	25,329,000	21,254,752	4,074,248

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Highways and Public Works						
Amortization expense	$ 21,245,000	$ (2,116,000)	$ -	$ 19,129,000	$ 19,258,926	$ (129,926)
Total expenses	120,585,000	904,000	-	121,489,000	115,664,097	5,824,903
Justice						
Operations and maintenance						
Management services	2,514,000	34,000	-	2,548,000	2,431,818	116,182
Court services	5,112,000	(124,000)	-	4,988,000	5,178,311	(190,311)
Legal services	4,663,000	30,000	-	4,693,000	4,446,397	246,603
Regulatory services	1,177,000	-	-	1,177,000	1,277,656	(100,656)
Community and correctional services	10,232,000	546,000	-	10,778,000	10,471,299	306,701
Community justice and public safety	15,442,000	266,000	-	15,708,000	15,575,238	132,762
Human rights	489,000	-	-	489,000	491,024	(2,024)
	39,629,000	**752,000**	**-**	**40,381,000**	**39,871,743**	**509,257**

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Capital						
Management services	$ 328,000	$ 212,000	$ (13,000)	$ 527,000	$ 314,008	$ 212,992
Court services	58,000	-	-	58,000	1,250	56,750
Community and correctional services	1,161,000	(225,000)	-	936,000	411,579	524,421
Community justice and public safety	-	66,000	13,000	79,000	54,293	24,707
	1,547,000	**53,000**	**-**	**1,600,000**	**781,130**	**818,870**
Less acquisition of tangible capital assets	(1,155,000)	393,000	-	(762,000)	(427,467)	(334,533)
	392,000	446,000	-	838,000	353,663	484,337
Amortization expense	735,000	(5,000)	-	730,000	737,608	(7,608)
Total expenses	40,756,000	1,193,000	-	41,949,000	40,963,014	985,986

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Public Service Commission						
Operations and maintenance						
Finance and administration	$ 589,000	$ 50,000	$ -	$ 639,000	$ 678,690	$ (39,690)
Corporate human resource services	2,322,000	117,000	-	2,439,000	2,194,476	244,524
Employee compensation	1,437,000	-	-	1,437,000	1,412,548	24,452
Staff relations	1,079,000	-	-	1,079,000	1,149,356	(70,356)
Workers' compensation fund	4,890,000	400,000	-	5,290,000	5,882,293	(592,293)
Human resource management systems	468,000	71,000	-	539,000	525,540	13,460
Policy and planning	848,000	-	-	848,000	790,812	57,188
Employee future benefits	10,765,000	4,629,000	-	15,394,000	14,342,651	1,051,349
Staff development	3,531,000	-	-	3,531,000	2,977,894	553,106
	25,929,000	**5,267,000**	**-**	**31,196,000**	**29,954,260**	**1,241,740**
Capital						
Finance and administration	69,000	-	-	69,000	68,806	194
Corporate human resource services	-	25,000	-	25,000	20,719	4,281
	69,000	**25,000**	**-**	**94,000**	**89,525**	**4,475**
Less acquisition of tangible capital assets	(14,000)	(16,000)	-	(30,000)	(25,650)	(4,350)
	55,000	9,000	-	64,000	63,875	125
Amortization expense	11,000	3,000	-	14,000	9,872	4,128
Total expenses	25,995,000	5,279,000	-	31,274,000	30,028,007	1,245,993

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance						
Corporate services	$ 2,367,000	$ 50,000	$ -	$ 2,417,000	$ 2,401,052	$ 15,948
Cultural services	4,398,000	40,000	-	4,438,000	4,395,470	42,530
Tourism	8,535,000	320,000	-	8,855,000	8,407,337	447,663
	15,300,000	**410,000**	**-**	**15,710,000**	**15,203,859**	**506,141**
Less acquisition of tangible capital assets	-	-	-	-	(54,904)	54,904
	15,300,000	410,000	-	15,710,000	15,148,955	561,045
Capital						
Corporate services	193,000	8,000	-	201,000	182,508	18,492
Cultural services	4,456,000	461,000	-	4,917,000	4,635,443	281,557
Tourism	1,286,000	(97,000)	-	1,189,000	988,464	200,536
	5,935,000	**372,000**	**-**	**6,307,000**	**5,806,415**	**500,585**
Amortization expense	585,000	28,000	-	613,000	612,190	810
Total expenses	21,820,000	810,000	-	22,630,000	21,567,560	1,062,440

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Women's Directorate						
Operations and maintenance						
Policy and program development	$ 1,000,000	$ 94,000	$ -	$ 1,094,000	$ 1,015,302	$ 78,698
Capital						
Policy and program development	4,000	-	-	4,000	3,252	748
Total expenses	1,004,000	94,000	-	1,098,000	1,018,554	79,446
Yukon Development Corporation (Transfer Payment)						
Capital						
Carmacks-Stewart Crossing transmission line project - planning	450,000	-	-	450,000	450,000	-
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	2,613,000	-	-	2,613,000	1,917,277	695,723
Capital	2,234,000	(1,000)	-	2,233,000	1,897,758	335,242
Total expenses	4,847,000	(1,000)	-	4,846,000	3,815,035	1,030,965

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Interest on Loans						
Operations and maintenance						
Interest	**$ 357,000**	**$ -**	**$ -**	**$ 357,000**	**$ 357,204**	**$ (204)**
Restricted Funds						
Operations and maintenance						
Net expenses	**-**	**-**	**-**	**-**	**(2,623,357)**	**2,623,357**
Amortization expense	-	-	-	-	3,106,462	(3,106,462)
Total expenses	-	-	-	-	483,105	(483,105)

GOVERNMENT OF YUKON

Schedule 4

Schedule of Expenses by Department
for the year ended March 31, 2007

	Appropriation					
	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Totals						
Operations and maintenance	$ 591,713,000	$ 34,719,000	$ -	$ 626,432,000	$ 607,964,441	$ 18,467,559
Capital	177,978,000	40,924,000	-	218,902,000	181,540,305	37,361,695
Less: Acquisition of tangible capital assets	(79,045,000)	(16,781,000)	-	(95,826,000)	(86,842,331)	(8,983,669)
Land development costs transferred to land held for sale	(12,773,000)	(2,138,000)	-	(14,911,000)	(6,189,999)	(8,721,001)
Local improvement costs transferred to loans receivable	(1,200,000)	(95,000)	-	(1,295,000)	(864,143)	(430,857)
Capital lease payments transferred to capital lease obligations	-	-	-	-	(867,770)	867,770
Amortization expense	31,952,000	(2,453,000)	-	29,499,000	32,719,570	(3,220,570)
Loss on disposal of tangible capital assets	1,076,000	(1,076,000)	-	-	-	-
	$ 709,701,000	**$ 53,100,000**	**$ -**	**$ 762,801,000**	**$ 727,460,073**	**$ 35,340,927**

GOVERNMENT OF YUKON

Schedule 5

Schedule of Recoveries of Prior Years' Expenses for the year ended March 31, 2007

Department	Over Accruals	Other Recoveries	Total
Health and Social Services	$ 180,063	$ 8,260	$ 188,323
Economic Development	186,999	1,161	188,160
Justice	105,199	27,959	133,158
Environment	27,546	55,798	83,344
Finance	15,839	181	16,020
Education	-	10,782	10,782
Highways and Public Works	6,560	-	6,560
Energy, Mines & Resources	2,958	1,260	4,218
Legislative Assembly	897	-	897
Community Services	-	516	516
Tourism and Culture	73,990	(202,981)	(128,991)
	$ 600,051	**$ (97,064)**	**$ 502,987**

GOVERNMENT OF YUKON

Schedule 6

Schedule of Restricted Funds
for the year ended March 31, 2007

	Recycling Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2007 Total	2006 Total
Revenues											
Appropriation	$ -	$ 362,000	$ -	$ -	$ 75,000	$ -	$ 16,358,849	$ 6,500,000	$ 1,249,000	$ 24,544,849	$ 23,879,237
Operating	2,455,111	-	27,964	9,438,220	544,075	3,651,530	16,556,320	689,342	194,771	33,557,333	32,508,584
	2,455,111	362,000	27,964	9,438,220	619,075	3,651,530	32,915,169	7,189,342	1,443,771	58,102,182	56,387,821
Expenses											
Operating	2,325,049	324,384	-	8,412,486	690,451	3,087,026	32,641,092	6,497,907	410,459	54,388,854	51,013,313
Amortization	-	-	-	2,121,276	43,258	941,929	-	-	-	3,106,463	3,001,433
	2,325,049	324,384	-	10,533,762	733,709	4,028,955	32,641,092	6,497,907	410,459	57,495,317	54,014,746
Net profit (loss) from operations	130,062	37,616	27,964	(1,095,542)	(114,634)	(377,425)	274,077	691,435	1,033,312	606,865	2,373,075
Excess (profit) loss (returned to) covered by appropriation	-	-	-	-	-	-	(24,490)	-	-	(24,490)	453,096
Net profit (loss) for the year	130,062	37,616	27,964	(1,095,542)	(114,634)	(377,425)	249,587	691,435	1,033,312	582,375	2,826,171
Adjustments for the *Financial Administration Act* requirements											
Acquisition of capital assets	-	-	-	(849,754)	(215,293)	(1,052,734)	-	-	-	(2,117,781)	(3,247,930)
Amortization of capital assets net of amortization of deferred capital contributions	-	-	-	2,121,276	43,258	866,357	-	-	-	3,030,891	2,909,810
(Gain) loss on sale of capital assets	-	-	-	(6,679)	105,225	-	-	-	-	98,546	(312,952)
Write-down of capital assets	-	-	-	-	-	13,500	-	-	-	13,500	-
Proceeds on sale of capital assets	-	-	-	271,181	-	-	-	-	-	271,181	592,357
Balance at beginning of year	459,041	(59,217)	33,376	6,082,735	184,443	1,142,220	413	1,187,032	2,097,793	11,127,836	8,360,380
Balance at end of year	$ 589,103	$ (21,601)	$ 61,340	$ 6,523,217	$ 2,999	$ 591,918	$ 250,000	$ 1,878,467	$ 3,131,105	$ 13,006,548	$ 11,127,836

GOVERNMENT OF YUKON

Schedule 6
Continued

Schedule of Restricted Funds
for the year ended March 31, 2007

	Recycling Fund	Health Investment Fund	Conservation Fund	Road and Airport Equipment Reserve Fund	Queen's Printer Revolving Fund	Vehicle Fleet Revolving Fund	Property Management Revolving Fund	Wildland Fire Suppression Revolving Fund	Risk Management Revolving Fund	2007 Total	2006 Total
Assets and liabilities that are specific to each Fund and included in the Government's assets and liabilities are as follows:											
Assets											
Accounts receivable	$ 263,105	$ -	$ -	$ -	$ 650	$ 20,817	$ 178,354	$ -	$ -	$ 462,926	$ 1,161,685
Tangible capital assets	-	-	-	15,592,040	208,355	4,589,544	-	-	-	20,389,939	21,770,166
(Deferred capital contributions)	-	-	-	-	-	(256,624)	-	-	-	(256,624)	(332,196)
	263,105	-	-	15,592,040	209,005	4,353,737	178,354	-	-	20,596,241	22,599,655
Liabilities											
Accounts payable and accrued liabilities	18,813	-	-	-	21,620	240,080	1,068,539	-	561,635	1,910,687	1,850,105
Accumulated surplus (deficit) of the Funds that are included in the Government's accumulated surplus are as follows:											
Accumulated surplus (deficit)	$ 589,103	$ (21,601)	$ 61,340	$ 22,115,257	$ (118,353)	$ 2,410,213	$ 250,000	$ 1,878,467	$ 3,131,105	$ 30,295,531	$ 29,713,157

GOVERNMENT OF YUKON

Schedule 7

Schedule of Inventory Revolving Funds
for the year ended March 31, 2007

	Garage Parts and Fuel Inventory Revolving Fund	Central Stores Revolving Fund	Highway Materials Revolving Fund	2007 Total	2006 Total
Opening inventory	$ 1,239,273	$ 566,220	$ 2,414,260	$ 4,219,753	$ 3,240,230
Add purchases	2,371,692	1,318,078	1,871,598	5,561,368	6,873,571
	3,610,965	1,884,298	4,285,858	9,781,121	10,113,801
Less: Consumption	2,354,560	1,318,240	2,062,986	5,735,786	5,895,395
Inventory adjustments	-	6,710	-	6,710	(1,347)
Closing inventory	**$ 1,256,405**	**$ 559,348**	**$ 2,222,872**	**$ 4,038,625**	**$ 4,219,753**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Executive Council Office					
Operations and maintenance					
First Nations organizations	$ 5,000	$ -	$ 5,000	$ -	$ 5,000
Fathers of Confederation trust	5,000	-	5,000	-	5,000
	10,000	**-**	**10,000**	**-**	**10,000**
Capital					
Northern Housing	**-**	**6,766,000**	**6,766,000**	**6,765,731**	**269**
Community Services					
Operations and maintenance					
In lieu of property taxes	4,288,000	39,000	4,327,000	4,326,717	283
Community/local advisory council operation and maintenance grants	70,000	-	70,000	34,798	35,202
Home owner grants	2,930,000	82,000	3,012,000	2,942,304	69,696
Comprehensive municipal grants	12,538,000	-	12,538,000	12,538,010	(10)
	19,826,000	**121,000**	**19,947,000**	**19,841,829**	**105,171**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Education					
Operations and maintenance					
Teacher training (French bursaries)	$ 10,000	$ -	$ 10,000	$ 10,000	$ -
Shad Valley	5,000	-	5,000	-	5,000
Post secondary student grants	4,342,000	-	4,342,000	4,109,447	232,553
Post secondary student scholarships	74,000	-	74,000	74,000	-
	4,431,000	**-**	**4,431,000**	**4,193,447**	**237,553**
Environment					
Operations and maintenance					
Wildlife health fund	1,000	-	1,000	1,000	-
Canadian Cooperative Wildlife Health Centre	7,000	1,000	8,000	8,000	-
Fur Institute of Canada	6,000	-	6,000	6,000	-
	14,000	**1,000**	**15,000**	**15,000**	**-**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Finance					
Operations and maintenance					
Energy rebate program	$ -	$ **169,000**	$ **169,000**	$ **156,300**	$ **12,700**
Health and Social Services					
Operations and maintenance					
Adoption subsidies	87,000	34,000	121,000	129,432	(8,432)
Child care subsidies	2,854,000	(519,000)	2,335,000	2,203,975	131,025
Federal child benefit - Whitehorse	218,000	-	218,000	221,331	(3,331)
Youth allowance	2,000	-	2,000	1,107	893
Alcohol and drug - education and prevention	10,000	-	10,000	10,000	-
Employment incentive grants	357,000	-	357,000	183,435	173,565
Social assistance - Whitehorse	8,236,000	-	8,236,000	7,804,168	431,832
Yukon seniors' income supplement	228,000	-	228,000	232,272	(4,272)
Pioneer utility grant	1,118,000	-	1,118,000	1,135,846	(17,846)
Rehabilitation subsidies	25,000	-	25,000	6,546	18,454
In lieu of property taxes - continuing care	250,000	-	250,000	207,376	42,624
Medical travel subsidies	165,000	155,000	320,000	941,271	(621,271)
In lieu of property taxes - community nursing	64,000	-	64,000	60,869	3,131
Federal child benefit - region	71,000	-	71,000	63,169	7,831
Social assistance - region	940,000	-	940,000	843,326	96,674
Bursaries - health professional	-	-	-	80,000	(80,000)
	14,625,000	**(330,000)**	**14,295,000**	**14,124,123**	**170,877**

GOVERNMENT OF YUKON

Schedule 8

Schedule of Grants
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Revised Appropriation	Actual	Under (Over) Estimates
Justice					
Operations and maintenance					
Yukon Workers' Compensation Health & Safety Board	$ 330,000	$ -	$ 330,000	$ 329,500	$ 500
Institutional facilities inmate allowance	50,000	-	50,000	35,471	14,529
Human Rights Commission	451,000	-	451,000	451,000	-
	831,000	**-**	**831,000**	**815,971**	**15,029**
Tourism and Culture					
Operations and maintenance					
Yukon Arts Centre Corporation	**649,000**	**-**	**649,000**	**649,000**	**-**
Women's Directorate					
Operations and maintenance					
Community workshops on family violence	**5,000**	**-**	**5,000**	**5,000**	**-**
Totals					
Operations and maintenance	40,391,000	(39,000)	40,352,000	39,800,670	551,330
Capital	-	6,766,000	6,766,000	6,765,731	269
	$ 40,391,000	**$ 6,727,000**	**$ 47,118,000**	**$ 46,566,401**	**$ 551,599**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Executive Council Office						
Operations and maintenance						
Land claims and implementation secretariat						
- implementation initiatives	$ 3,004,000	$ -	$ -	$ 3,004,000	$ 2,588,073	$ 415,927
- various First Nations	50,000	-	-	50,000	10,000	40,000
- community language initiatives	910,000	-	-	910,000	681,398	228,602
- First Nations organizations	5,000	-	-	5,000	-	5,000
Devolution						
- various First Nations	100,000	-	-	100,000	100,000	-
- successor resource legislation working group	112,000	83,000	-	195,000	95,545	99,455
Vuntut Gwitchin First Nation	50,000	-	-	50,000	50,000	-
Commissioner's entertainment allowance	5,000	-	-	5,000	4,600	400
Klondike Visitors Association	10,000	-	-	10,000	10,000	-
Youth strategy initiatives	397,000	-	-	397,000	389,710	7,290
Northern strategy						
- various First Nations	-	264,000	-	264,000	261,000	3,000
The Hnatyshyn Foundation	-	-	-	-	5,000	(5,000)
	4,643,000	**347,000**	**-**	**4,990,000**	**4,195,326**	**794,674**
Capital						
First Nations support agreements	290,000	-	-	290,000	100,000	190,000
Youth strategy initiatives	200,000	-	-	200,000	200,000	-
	490,000	**-**	**-**	**490,000**	**300,000**	**190,000**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Operations and maintenance						
Emergency measures preparation	$ 5,000	$ -	$ -	$ 5,000	$ 5,000	$ -
Community recreation/active living	707,000	-	-	707,000	703,384	3,616
Sport	1,175,000	240,000	-	1,415,000	1,488,831	(73,831)
Association of Yukon Communities	100,000	-	-	100,000	100,000	-
Volunteer Bureau	67,000	-	-	67,000	67,382	(382)
Mae Bachur Animal Shelter	75,000	-	-	75,000	75,000	-
Dawson Humane Society	20,000	-	-	20,000	20,000	-
Community library boards	328,000	-	-	328,000	321,601	6,399
	2,477,000	**240,000**	**-**	**2,717,000**	**2,781,198**	**(64,198)**
Capital						
Emergency measures	50,000	-	-	50,000	41,359	8,641
FireSmart	850,000	-	-	850,000	940,080	(90,080)
Canada Winter Games infrastructure	667,000	-	-	667,000	667,000	-
Canada Winter Games Host Society - research proposal	20,000	-	-	20,000	11,000	9,000
Recreation/community centres - various	60,000	-	-	60,000	(40,100)	100,100
Community planning						
- gas tax fund	131,000	-	-	131,000	-	131,000
- transit fund	781,000	74,000	-	855,000	855,000	-
Riverbank stabilization - Old Crow	250,000	279,000	-	529,000	97,846	431,154
Canadian strategic infrastructure fund	10,106,000	720,000	-	10,826,000	5,444,823	5,381,177
Municipal rural infrastructure fund	4,917,000	439,000	-	5,356,000	5,957,504	(601,504)
Extra-ordinary funding for:						
Canadian strategic infrastructure fund						
- Carmacks sewage treatment project	294,000	(96,000)	-	198,000	-	198,000

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Community Services						
Capital (continued)						
Municipal rural infrastructure fund						
- Mayo Community Centre	$ 507,000	$ 1,293,000	$ -	$ 1,800,000	$ 1,591,080	$ 208,920
- Marsh Lake Community Centre	-	-	-	-	30,000	(30,000)
Teslin arena upgrade	-	805,000	-	805,000	805,015	(15)
Klondike Institute of Art and Culture	-	347,000	-	347,000	362,757	(15,757)
Dawson City infrastructure	-	208,000	-	208,000	208,000	-
	18,633,000	**4,069,000**	**-**	**22,702,000**	**16,971,364**	**5,730,636**
Economic Development						
Operations and maintenance						
Trade initiatives	30,000	-	-	30,000	14,490	15,510
Yukon Chamber of Commerce						
- operation support	36,000	-	-	36,000	36,000	-
- Alaska trade show	8,000	-	-	8,000	-	8,000
- Canada-Yukon Business Service Centre	45,000	-	-	45,000	45,000	-
Yukon Federation of Labour	36,000	-	-	36,000	36,000	-
Yukon Building and Construction Trades Council	15,000	-	-	15,000	15,000	-
Business Development Bank of Canada						
- small business week	5,000	-	-	5,000	-	5,000
Yukon Information Technology Industry Society	15,000	-	-	15,000	-	15,000
Technology Innovation Centre	85,000	-	-	85,000	85,000	-
Recording Arts Industry Yukon Association/Music Yukon	50,000	-	-	50,000	50,000	-
Dawson City Arts Society	-	4,000	-	4,000	4,000	-
Yukon Convention Bureau	-	8,000	-	8,000	7,500	500
Yukon music camp	-	1,000	-	1,000	1,000	-

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Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Economic Development						
Operations and maintenance (continued)						
National Screen Institute	$ -	$ 2,000	$ -	$ 2,000	$ 2,500	$ (500)
Yukon Film Society	-	5,000	4,000	9,000	9,000	-
Northern Film & Video Industry Association	-	-	28,000	28,000	24,745	3,255
Yukon First Nations						
- economic development conference	-	-	24,000	24,000	21,832	2,168
Canada Winter Games Host Society						
- economic impact assessment	-	-	19,000	19,000	18,730	270
	325,000	**20,000**	**75,000**	**420,000**	**370,797**	**49,203**
Capital						
Alaska-Canada rail link	1,800,000	432,000	-	2,232,000	2,030,968	201,032
Micro loan program	98,000	(5,000)	-	93,000	93,000	-
Enterprise trade fund	540,000	81,000	-	621,000	496,376	124,624
Regional economic development fund	405,000	86,000	-	491,000	252,721	238,279
Community development fund	3,000,000	37,000	-	3,037,000	2,420,869	616,131
Strategic industries development fund	1,175,000	66,000	-	1,241,000	776,196	464,804
Technology Innovation Centre	150,000	51,000	-	201,000	148,728	52,272
Technology partnerships	67,000	269,000	-	336,000	82,223	253,777
Film and sound incentive programs	725,000	529,000	-	1,254,000	880,141	373,859
Dana Naye Ventures business development program	-	670,000	-	670,000	660,605	9,395
Indian and Northern Affairs Canada						
- targeted investment program	-	200,000	-	200,000	200,000	-
Northern strategy - e-commerce	-	50,000	-	50,000	25,153	24,847
	7,960,000	**2,466,000**	**-**	**10,426,000**	**8,066,980**	**2,359,020**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance						
Student transportation	$ 116,000	$ -	$ -	$ 116,000	$ 110,007	$ 5,993
Education reform	300,000	56,000	-	356,000	309,642	46,358
Special payments for education-related events/student activities	50,000	79,000	35,000	164,000	100,133	63,867
Student accommodation (boarding subsidy)	115,000	-	-	115,000	125,349	(10,349)
Yukon Teachers' Association						
- professional development fund	362,000	-	-	362,000	362,000	-
- teacher mentoring fund	50,000	-	-	50,000	50,000	-
Remuneration school councils/committees	148,000	-	-	148,000	138,875	9,125
Native language program	352,000	-	-	352,000	352,000	-
Arts contributions	19,000	-	-	19,000	19,000	-
Yukon Francophone School Board						
- operations	74,000	(18,000)	16,000	72,000	72,000	-
- special initiatives	387,000	18,000	17,000	422,000	422,500	(500)
Association franco-yukonnaise						
- special initiatives	220,000	-	-	220,000	220,000	-
Interchange on Canadian studies	9,000	-	-	9,000	9,000	-
First Nations elder program	30,000	-	11,000	41,000	47,580	(6,580)
First Nations community orientation	20,000	-	-	20,000	14,500	5,500
French cultural activities	35,000	-	-	35,000	35,000	-
Education related organizations	19,000	-	38,000	57,000	62,010	(5,010)
Curriculum support initiatives	56,000	-	(22,000)	34,000	34,226	(226)
Association of Yukon school councils, boards and committees	119,000	-	-	119,000	82,386	36,614
Stay in school initiatives	30,000	-	-	30,000	30,000	-
First Nations curriculum development/implementation	25,000	-	-	25,000	15,000	10,000
Home tutor program	365,000	35,000	-	400,000	338,430	61,570
School cultural activities	250,000	68,000	-	318,000	190,331	127,669

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Schedule of Contributions
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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Operations and maintenance (continued)						
Yukon College	$ 13,312,000	$ -	$ -	$ 13,312,000	$ 13,311,864	$ 136
Yukon College						
- College Board	20,000	-	-	20,000	20,000	-
- bachelor of social work	370,000	-	-	370,000	370,000	-
- Yukon native teacher education program	540,000	-	-	540,000	540,000	-
- fetal alcohol syndrome disorder	137,000	-	-	137,000	136,520	480
- innovators in school program	57,000	-	-	57,000	57,000	-
- seat purchases	580,000	-	152,000	732,000	797,128	(65,128)
- Canada Winter Games	20,000	-	-	20,000	20,000	-
- pension fund	-	1,252,000	-	1,252,000	1,251,600	400
- school of visual arts	-	165,000	-	165,000	-	165,000
Student training and employment program	366,000	-	(24,000)	342,000	319,301	22,699
Apprenticeship initiatives	36,000	-	3,000	39,000	39,455	(455)
Literacy initiatives	100,000	(100,000)	-	-	-	-
Canada/Yukon summer program	114,000	-	24,000	138,000	137,701	299
Yukon Learn	150,000	100,000	-	250,000	250,000	-
Labour market initiatives	4,000	-	-	4,000	4,490	(490)
Whole child project	-	31,000	-	31,000	31,000	-
Journey far carver	-	77,000	-	77,000	76,713	287
Council of Yukon First Nations - education support	-	-	110,000	110,000	53,551	56,449
	18,957,000	**1,763,000**	**360,000**	**21,080,000**	**20,556,292**	**523,708**

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Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Education						
Capital						
Yukon College capital	$ 750,000	$ -	$ -	$ 750,000	$ 750,000	$ -
Community training fund	1,500,000	20,000	(8,000)	1,512,000	1,336,848	175,152
Canada-Yukon youth internship program	200,000	200,000	-	400,000	275,000	125,000
Yukon work information network	35,000	-	-	35,000	35,000	-
Yukon College - school of visual arts	-	376,000	-	376,000	170,822	205,178
Kluane First Nation - Burwash learning centre	-	200,000	-	200,000	200,000	-
	2,485,000	**796,000**	**(8,000)**	**3,273,000**	**2,767,670**	**505,330**
Energy, Mines and Resources						
Operations and maintenance						
Forest sector trust fund	1,000,000	-	-	1,000,000	1,000,000	-
Canadian Forest Services	15,000	-	-	15,000	15,000	-
Yukon Agricultural Association - operational funding	25,000	-	-	25,000	25,000	-
Agricultural policy framework agreement - various recipients	235,000	-	(80,000)	155,000	112,019	42,981
National water supply expansion program	100,000	-	-	100,000	-	100,000
National farm income program	273,000	(273,000)	-	-	-	-
Utilities Consumers Group	3,000	-	-	3,000	3,000	-
Energy cost - shared project	8,000	(8,000)	-	-	-	-
Yukon Chamber of Mines - training fund	100,000	-	-	100,000	-	100,000
Type II mine site reclamation - various Yukon First Nations	1,068,000	-	(300,000)	768,000	408,597	359,403
Memorandum of understanding - various Yukon First Nations	25,000	-	11,000	36,000	27,000	9,000

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Operations and maintenance (continued)						
Klondike Placer Miners' Association						
- operational funding	$ 45,000	$ -	$ -	$ 45,000	$ 29,076	$ 15,924
Yukon Chamber of Mines - operational funding	45,000	-	-	45,000	45,000	-
Various First Nations - mineral related	25,000	-	-	25,000	-	25,000
Mining Association of Canada	15,000	-	15,000	30,000	30,000	-
Kaska Forest Resources Stewardship Council	-	150,000	-	150,000	150,000	-
Ross River Dena Council	-	46,000	-	46,000	45,800	200
University of Alberta sustainable forest network	-	40,000	(40,000)	-	-	-
Forintek Canada Corporation	-	5,000	-	5,000	10,000	(5,000)
Kaska Tribal Council - Forest Management Committee	-	50,000	-	50,000	49,500	500
Skills Canada	-	15,000	-	15,000	15,000	-
Yukon College	-	24,000	3,000	27,000	22,900	4,100
Northern Climate Exchange	-	50,000	(50,000)	-	-	-
Yukon Conservation Society	-	10,000	7,000	17,000	13,067	3,933
Yukon Forest Industry Association	-	-	14,000	14,000	13,477	523
Yukon Science Institute	-	-	5,000	5,000	3,924	1,076
Project Porchlight	-	-	40,000	40,000	39,600	400
S. Wright	-	-	5,000	5,000	2,100	2,900
Traditional knowledge workshops	-	-	17,000	17,000	-	17,000
Liard First Nation	-	-	50,000	50,000	49,500	500
Yukon Chamber of Commerce (forestry group)	-	-	-	-	(25,000)	25,000
Geological Surveys-various universities	-	-	-	-	5,000	(5,000)
Ross River Dena Council - mining	-	-	-	-	10,000	(10,000)
Tagish Lake Gold	-	-	-	-	62,307	(62,307)
	2,982,000	**109,000**	**(303,000)**	**2,788,000**	**2,161,867**	**626,133**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Energy, Mines and Resources						
Capital						
Forest management plans implementation	$ 150,000	$ (65,000)	$ -	$ 85,000	$ 85,000	$ -
Alaska Highway pipeline analysis	275,000	-	-	275,000	277,800	(2,800)
Alaska Highway aboriginal pipeline coalition	200,000	32,000	-	232,000	80,000	152,000
Kaska economic table	50,000	50,000	-	100,000	50,000	50,000
Resource assessments - oil and gas	25,000	-	(23,000)	2,000	-	2,000
Yukon mining incentives program	650,000	-	-	650,000	608,777	41,223
Resource assessments - minerals	155,000	241,000	-	396,000	395,792	208
Geological surveys	100,000	-	-	100,000	140,649	(40,649)
Joint First Nations /Yukon Government land management project	-	50,000	-	50,000	-	50,000
Forest silviculture	-	50,000	(50,000)	-	-	-
Resource infrastructure development	-	23,000	50,000	73,000	60,000	13,000
	1,605,000	**381,000**	**(23,000)**	**1,963,000**	**1,698,018**	**264,982**

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Schedule of Contributions
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Environment						
Operations and maintenance						
Yukon Wildlife Preserve	$ 550,000	$ -	$ -	$ 550,000	$ 550,000	$ -
Environmental public awareness	30,000	-	-	30,000	30,000	-
Yukon Conservation Society	35,000	-	-	35,000	35,000	-
Wildlife Management Advisory Council	214,000	-	-	214,000	214,000	-
North Slope conference	10,000	-	-	10,000	10,500	(500)
Porcupine Caribou Management Board	48,000	-	2,000	50,000	50,000	-
Yukon College						
- ecosystem monitoring program	45,000	-	-	45,000	45,000	-
- climate change research	75,000	-	-	75,000	75,000	-
Yukon Trappers Association	53,000	-	-	53,000	53,000	-
Arctic Borderland Ecological Knowledge Society	5,000	2,000	-	7,000	7,000	-
Whitehorse Fish Hatchery	75,000	-	-	75,000	78,367	(3,367)
Yukon Fish and Game Association	55,000	-	8,000	63,000	80,000	(17,000)
Canadian Wildlife Directors Secretariat	4,000	-	-	4,000	2,000	2,000
Yukon River panel	30,000	-	(8,000)	22,000	22,000	-
Waste reduction initiatives	80,000	-	-	80,000	39,497	40,503
Ducks Unlimited	20,000	-	-	20,000	20,000	-
Mackenzie River Basin transboundary agreement	-	40,000	-	40,000	40,000	-
Fur Institute of Canada	-	20,000	-	20,000	20,000	-
Carleton University	-	2,000	-	2,000	2,000	-
Tr'ondek Hwech'in First Nation	-	9,000	-	9,000	8,500	500
University of Alberta	-	5,000	-	5,000	5,000	-
Simon Fraser University	-	9,000	-	9,000	9,050	(50)
Teslin Tlingit Council	-	5,000	-	5,000	5,000	-
Dawson District Renewable Resources Council	-	1,000	-	1,000	950	50
Carcross Tagish First Nation	-	5,000	-	5,000	5,000	-
Wildlife program	-	-	2,000	2,000	2,000	-
	1,329,000	**98,000**	**4,000**	**1,431,000**	**1,408,864**	**22,136**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Environment						
Capital						
Yukon Energy Corporation						
- Spawntake stocked lake management	$ 15,000	$ -	$ -	$ 15,000	$ 11,000	$ 4,000
- Whitehorse Rapids Fish Hatchery	25,000	-	-	25,000	19,840	5,160
Canadian Council of Ecological Areas						
- parks special management areas planning	5,000	-	-	5,000	2,500	2,500
Yukon Fish & Wildlife Management Board						
- fish and wildlife management planning	-	15,000	-	15,000	15,000	-
McGill-Queens University Press						
- alpine ice patches	-	5,000	-	5,000	5,000	-
Southeast Proper Land Use Society						
- special management areas resource assessment	-	4,000	-	4,000	3,500	500
Simon Fraser University						
- Fishing Branch ecological reserve	-	10,000	-	10,000	9,000	1,000
Tr'ondek Hwech'in First Nation						
- Tombstone territorial park	-	5,000	-	5,000	5,000	-
University of Calgary						
- Watson Lake bat project	-	-	5,000	5,000	4,800	200
	45,000	**39,000**	**5,000**	**89,000**	**75,640**	**13,360**
Finance						
Operations and maintenance						
Public utilities income tax transfer	213,000	-	-	213,000	212,700	300
Workers' compensation supplementary benefits	426,000	-	-	426,000	372,503	53,497
	639,000	**-**	**-**	**639,000**	**585,203**	**53,797**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance						
Yukon Health and Social Services Council	$ 40,000	$ (40,000)	$ -	$ -	$ -	$ -
Vuntut Gwitchin First Nation youth program	67,000	-	-	67,000	66,500	500
United Way	10,000	-	-	10,000	-	10,000
Kids' recreation fund	200,000	60,000	-	260,000	260,000	-
Food for learning	42,000	-	-	42,000	41,750	250
Kwanlin Dun First Nation child welfare	64,000	-	-	64,000	65,000	(1,000)
Community development projects	10,000	-	-	10,000	3,000	7,000
Foster Parent Association	10,000	-	-	10,000	10,000	-
Child care operating funds	2,455,000	-	-	2,455,000	2,109,062	345,938
Whitehorse Transit - Handi Bus	184,000	-	-	184,000	183,806	194
Salvation Army	68,000	-	-	68,000	68,000	-
Yukon Medical Association						
- medical practice insurance	262,000	-	-	262,000	262,000	-
- education	238,000	-	-	238,000	237,500	500
- physician recruitment/retention initiatives	2,173,000	256,000	-	2,429,000	1,913,905	515,095
Medical student bursary	10,000	65,000	-	75,000	-	75,000
Rural incentive	5,000	-	-	5,000	-	5,000
Yukon hospital insurance services	9,100,000	5,247,000	-	14,347,000	14,847,579	(500,579)
Yukon Hospital Corporation	25,828,000	7,603,000	-	33,431,000	33,432,596	(1,596)
Health promotion - Liard Basin task force	70,000	(70,000)	-	-	70,000	(70,000)
Recreation and Parks Association	15,000	(9,000)	-	6,000	6,000	-
Health investment fund	77,000	-	-	77,000	77,000	-
Victoria Faulkner's Women's Centre - accommodation	28,000	-	-	28,000	28,800	(800)
Yukon Registered Nurses Association						
- nursing education fund	60,000	30,000	-	90,000	95,000	(5,000)
- nursing advisory committee	10,000	-	-	10,000	10,606	(606)
- nurses post basic specialty education fund	75,000	-	-	75,000	75,000	-
- nurses workshop	-	-	-	-	15,000	(15,000)

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Operations and maintenance (continued)						
Rural emergency medical services	$ 30,000	$ -	$ -	$ 30,000	$ 28,000	$ 2,000
Liard family support	43,000	-	-	43,000	32,250	10,750
Ross River Dena family support	44,000	-	-	44,000	43,000	1,000
Council for Yukon First Nations						
- Children's Act review	-	103,000	-	103,000	81,581	21,419
- health partnership	-	-	-	-	20,309	(20,309)
Territorial Health Access Fund						
- Operational Secretariat	-	1,900,000	-	1,900,000	575,000	1,325,000
Bursaries - other	-	20,000	-	20,000	-	20,000
Whole child project	-	30,000	-	30,000	50,000	(20,000)
Rick Hansen Foundation	-	-	-	-	20,000	(20,000)
Healthy children	-	-	-	-	31,613	(31,613)
Fetal Alcohol Syndrome Society of Yukon						
- bridge funding	-	-	-	-	200,000	(200,000)
Yukon Anti-Poverty Coalition - study	-	-	-	-	15,000	(15,000)
Learning Disabilities Association of Yukon						
- office renovations	-	-	-	-	4,500	(4,500)
Primary Health Care Transition Fund						
- diabetes collaboration	-	-	-	-	96,000	(96,000)
National Pharmaceuticals strategy phase II	-	-	-	-	2,938	(2,938)
Western health information collaborative	-	-	-	-	12,691	(12,691)
Federal/Provincial/Territorial Commitees	-	-	-	-	422	(422)
Haines Junction Employment Development Society	-	-	-	-	57,000	(57,000)
	41,218,000	**15,195,000**	-	**56,413,000**	**55,148,408**	**1,264,592**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Health and Social Services						
Capital						
Child care services development	$ 80,000	$ -	$ 10,000	$ 90,000	$ 79,491	$ 10,509
Women's shelters - renovations and equipment	15,000	-	-	15,000	15,000	-
Yukon Hospital Corporation - equipment	415,000	60,000	-	475,000	475,000	-
	510,000	**60,000**	**10,000**	**580,000**	**569,491**	**10,509**
Highways & Public Works						
Operations and maintenance						
Miles Canyon Historical Railway Society	72,000	10,000	-	82,000	82,000	-
Yukon-Quebec exchange agreement	10,000	(10,000)	-	-	-	-
Partenariat communauté en santé	-	-	19,000	19,000	19,000	-
Fédération culturelle canadienne-française	-	-	10,000	10,000	10,000	-
	82,000	**-**	**29,000**	**111,000**	**111,000**	**-**
Capital						
Yukon-IT Industry Society - IT conference	5,000	-	-	5,000	-	5,000
Northwestel/Dakwakada - cell subsidy payment	500,000	(300,000)	-	200,000	200,000	-
Kluane First Nation - Shakwak	10,000	-	-	10,000	9,943	57
Champagne and Aishihik First Nations - other roads	-	10,000	(6,000)	4,000	4,000	-
	515,000	**(290,000)**	**(6,000)**	**219,000**	**213,943**	**5,057**

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	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Justice						
Operations and maintenance						
Yukon Legal Services Society (legal aid)	$ 1,592,000	$ -	$ -	$ 1,592,000	$ 1,510,000	$ 82,000
Aboriginal courtworker program	321,000	-	-	321,000	374,656	(53,656)
Yukon Public Legal Education Association	85,000	-	-	85,000	111,250	(26,250)
Yukon Utilities Board	100,000	-	-	100,000	-	100,000
Community residential centre (Salvation Army)	400,000	-	-	400,000	399,100	900
Youth leadership program	168,000	-	-	168,000	174,252	(6,252)
Community justice projects	307,000	-	-	307,000	307,727	(727)
Police Board funding	5,000	-	-	5,000	-	5,000
RCMP summer student program	-	25,000	-	25,000	22,500	2,500
RCMP auxiliary police program	-	-	-	-	20,000	(20,000)
RCMP Biology agreement	-	-	-	-	26,519	(26,519)
Council for Yukon First Nations - Corrections Action Plan	-	-	-	-	5,000	(5,000)
	2,978,000	**25,000**	**-**	**3,003,000**	**2,951,004**	**51,996**
Public Service Commission						
Operations and maintenance						
Yukon Federation of Labour - workers' memorial	-	**50,000**	-	**50,000**	**50,000**	-

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Operations and maintenance						
Yukon Science Institute	$ 17,000	$ -	$ -	$ 17,000	$ 17,000	$ -
Museums						
- general operation, maintenance and training support	178,000	-	-	178,000	178,000	-
Yukon Recreation Advisory Committee arts group	425,000	30,000	-	455,000	445,000	10,000
Artist in school	25,000	-	-	25,000	25,000	-
Advanced artist award	80,000	-	-	80,000	67,815	12,185
Dawson City Arts Society	250,000	-	-	250,000	250,000	-
Friends of Yukon Archives Society	9,000	-	-	9,000	9,000	-
Stay another day						
- arts themed events	140,000	-	-	140,000	149,192	(9,192)
- tourism	25,000	(18,000)	-	7,000	7,300	(300)
Yukon Convention Bureau Society	200,000	-	-	200,000	200,000	-
Wilderness Tourism Association of the Yukon	264,000	-	-	264,000	264,000	-
Tourism North	118,000	-	-	118,000	118,000	-
Yukon Quest	150,000	60,000	-	210,000	208,387	1,613
Sourdough Rendezvous	50,000	-	-	50,000	50,000	-
Tourism Industry Association of Yukon	164,000	(20,000)	-	144,000	144,000	-
Yukon tourism marketing partnership	100,000	-	-	100,000	100,000	-
Yukon First Nations Tourism Association	60,000	-	-	60,000	60,000	-
Canada Winter Games Host Society	1,000,000	300,000	-	1,300,000	1,300,000	-
City of Whitehorse	-	3,000	-	3,000	3,000	-
	3,255,000	**355,000**	-	**3,610,000**	**3,595,694**	**14,306**

GOVERNMENT OF YUKON

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Tourism and Culture						
Capital						
Historic sites maintenance	$ 100,000	$ 19,000	$ -	$ 119,000	$ 118,724	$ 276
Fort Selkirk	125,000	-	-	125,000	124,845	155
Museums assistance	1,135,000	87,000	-	1,222,000	1,430,210	(208,210)
Conservation and security	10,000	3,000	-	13,000	22,700	(9,700)
First Nations cultural centres	220,000	-	-	220,000	220,000	-
Visual arts acquisition	10,000	-	-	10,000	10,000	-
Arts fund	500,000	169,000	-	669,000	476,468	192,532
Decade of sport and culture	200,000	86,000	-	286,000	285,700	300
Product development and resource assessment	78,000	(13,000)	-	65,000	34,622	30,378
Tourism cooperative marketing fund	500,000	18,000	-	518,000	496,351	21,649
	2,878,000	**369,000**	**-**	**3,247,000**	**3,219,620**	**27,380**
Women's Directorate						
Operations and maintenance						
Victoria Faulkner Women's Centre						
- operations	20,000	-	-	20,000	20,000	-
- women's advocate	60,000	-	-	60,000	60,000	-
Yukon Status of Women Council	12,000	-	-	12,000	12,000	-
Various women's groups	140,000	-	-	140,000	132,213	7,787
Family violence and violence against women prevention initiatives	100,000	-	-	100,000	94,028	5,972
Yukon Learn - self advocacy training	-	-	-	-	9,000	(9,000)
	332,000	**-**	**-**	**332,000**	**327,241**	**4,759**

GOVERNMENT OF YUKON

Schedule 9

Schedule of Contributions
for the year ended March 31, 2007

	Main Estimates	Supplementary Estimates	Transfers	Revised Estimates	Actual	Under (Over) Estimates
Yukon Development Corporation (Transfer Payment)						
Capital						
Carmacks - Stewart Crossing						
- Transmission line project - planning	**$ 450,000**	**$ -**	**$ -**	**$ 450,000**	**$ 450,000**	**$ -**
Yukon Housing Corporation (Transfer Payment)						
Operations and maintenance	**2,613,000**	**-**	**-**	**2,613,000**	**1,917,277**	**695,723**
Capital	**2,234,000**	**(1,000)**	**-**	**2,233,000**	**1,897,758**	**335,242**
Totals						
Operations and maintenance	81,830,000	18,202,000	165,000	100,197,000	96,160,171	4,036,829
Capital	37,805,000	7,889,000	(22,000)	45,672,000	36,230,484	9,441,516
	$ 119,635,000	**$ 26,091,000**	**$ 143,000**	**$ 145,869,000**	**$ 132,390,655**	**$ 13,478,345**

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2007

Warrant Number		Purpose	Amount (thousands of dollars)
No. 1	Operations and maintenance	Yukon Legislative Assembly	$ 1,069
		Elections Office	33
		Office of the Ombudsman	38
		Executive Council Office	4,398
		Community Services	15,192
		Economic Development	763
		Education	28,561
		Energy, Mines and Resources	8,754
		Environment	2,500
		Finance	442
		Health and Social Services	67,100
		Highways and Public Works	18,204
		Justice	7,085
		Public Service Commission	2,644
		Tourism and Culture	5,423
		Women's Directorate	102
		Yukon Housing Corporation	1,090
		Loan amortization	30
		Loan capital	5,000
			168,428
	Capital	Yukon Legislative Assembly	3
		Office of the Ombudsman	1
		Executive Council Office	142
		Community Services	8,116
		Economic Development	4,147
		Education	14,626
		Energy, Mines and Resources	1,576
		Environment	575
		Finance	100
		Health and Social Services	2,475
		Highways and Public Works	50,151
		Justice	1,445
		Public Service Commission	48
		Tourism and Culture	3,434
		Yukon Development Corporation	450
		Yukon Housing Corporation	1,431
			88,720
			$ 257,148

The special warrant authorized spending for the purpose of financing government operations for the period April 1, 2006 to April 30, 2006. This warrant was subsequently approved by the *Interim Supply Appropriation Act* (Yukon) *2006-07*.

GOVERNMENT OF YUKON

Schedule 10

Schedule of Special Warrants
for the year ended March 31, 2007

Warrant Number	Purpose		Amount (thousands of dollars)
No. 2	Operations and maintenance	Community Services	$ 695
		Education	1,829
		Environment	25
		Health and Social Services	8,240
		Highways and Public Works	247
		Public Service Commission	400
		Women's Directorate	44
			11,480
	Capital	Office of the Ombudsman	1
		Community Services	956
		Energy, Mines and Resources	437
		Justice	10
			1,404
			$ 12,884

The special warrant authorized spending, in addition to the amount provided in the *First Appropriation Act* (Yukon) *2006-07 and the Second Appropriation Act* (Yukon) *2006-07,* for the purpose of financing government operations for the period March 15, 2007 to March 31, 2007. This warrant was subsequently approved by the *Third Appropriation Act* (Yukon) *2006-07.*

GOVERNMENT OF YUKON

Schedule 11

Schedule of Public Debt
for the year ended March 31, 2007

Maturity Date	Issue Date	Rate %	Purpose	Balance March 31, 2006	Retirements	Balance March 31, 2007
Loans Payable - Government of Canada						
Mar 10 2007	Mar 10 1987	9.0400	Municipal	$ 572,000	$ 572,000	$ -
Apr 09 2007	Apr 09 1987	9.1200	Municipal	430,000	-	430,000
May 07 2007	May 07 1987	9.1300	Municipal	766,000	-	766,000
Jun 04 2007	Jun 04 1987	9.8800	Municipal	793,000	-	793,000
Jul 09 2007	Jul 09 1987	9.8300	Municipal	329,000	-	329,000
Aug 07 2007	Aug 07 1987	9.7200	Municipal	192,000	-	192,000
Sep 10 2007	Sep 10 1987	10.4200	Municipal	146,000	-	146,000
Oct 09 2007	Oct 09 1987	10.7900	Municipal	134,000	-	134,000
Nov 10 2007	Nov 10 1987	11.0700	Municipal	364,000	-	364,000
				$ 3,726,000	**$ 572,000**	**$ 3,154,000**

Schedule of Bad Debt Write-offs and Forgiveness for the year ended March 31, 2007

Accounts Receivable Written Off

Education		
Smith, Fanny	$	661
Finance		
Norgas Limited		243,808
Core-Mark International, Inc.		17,563
Health and Social Services		
Franco, Bernorio		21,020
Piercey, Scott		6,009
Eveleigh, Carson		1,465
McGlaughin, Donovan		1,387
Dick, Richard		1,351
Salazar, Eric		1,291
McGregor, Marvin		1,244
Burton, Janice		638
Highways and Public Works		
McLarnon, Jeannette Marie		14,594
Total accounts written off over $500		311,031
All departments - other miscellaneous accounts less than $500		3,335
Total accounts written off	**$**	**314,366**

GOVERNMENT OF YUKON

Schedule 12

Schedule of Bad Debt Write-offs and Forgiveness
for the year ended March 31, 2007

Forgiveness/Settlement (Not Previously Written Off)

Community Services	
Debenture loan receivable	
Town of the City of Dawson	$ 3,274,408
Contribution advance receivable	
Town of the City of Dawson	800,000
Assignment agreement receivable	
Argus Properties Limited	50,000
Finance	
Business development fund loans receivable	
Norline Coaches (Yukon) Ltd.	177,009
Inconnu Lodge Limited	95,455
Northern Superior Mechanical Ltd.	52,637
Dawson City Hotels Limited	36,495
Total forgiveness/settlement	**$ 4,486,004**

Schedule of Guaranteed Debt as at March 31, 2007

	2007	2006
Guarantees authorized pursuant to the *Yukon Development Corporation Act* (Yukon)		
Long-term debt	$ 20,592,000	$ 22,372,000
Guarantees authorized pursuant to the *Housing Corporation Act* (Yukon)		
Mortgages	16,683,557	17,762,384
Debentures	3,755,140	3,984,827
Wholly-owned subsidiary Yukon Government Fund Limited	500,000	7,750,000
Guarantees authorized pursuant to the *Economic Development Act* (Yukon)	145,629	257,632
Guarantees authorized pursuant to the *Business Development Assistance Act* (Yukon)	30,100	90,300
	$ 41,706,426	**$ 52,217,143**

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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

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YUKON COLLEGE

FINANCIAL STATEMENTS

June 30, 2006

(audited)

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YUKON COLLEGE
Management Responsibility

The financial statements are the responsibility of management and the Board of Governors of the College. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include estimates based on the experience and judgement of management. The financial statements present fairly the financial position of the College as at June 30, 2006, and the results of its operations, changes in net assets and cash flows for the year then ended.

The College maintains books of account, financial and management control, and information systems, together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of College objectives and that operations are carried out effectively.

These systems and practices are also designed to provide reasonable assurance that transactions are in accordance with the *College Act*, bylaws and policies of the College.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls and other relevant financial matters. The Board of Governors has reviewed and approved the financial statements.

These financial statements for the year ended June 30, 2006 have been independently audited by the College's auditor, the Auditor General of Canada, and her report is included herein.

Dr. Terry Weninger
President

W. Coghill
Director, Administrative Services

October 27, 2006

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Board of Governors:

I have audited the statement of financial position of the Yukon College as at June 30, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2006 and the results of its operations, the changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
October 27, 2006

240 rue Sparks Street Ottawa Ontario K1A 0G6

YUKON COLLEGE
Statement of Financial Position
as at June 30, 2006

ASSETS

	2006	*2005*
Current Assets		
Cash and cash equivalents (Note 5)	$ 16,569,748	$ 14,976,373
Accounts receivable	758,718	1,063,960
Inventories	146,742	173,912
Prepaid expenses	15,649	13,369
	17,490,857	16,227,614
Other Assets		
Investments (Note 6)	1,939,457	1,978,301
Accrued pension benefit (Note 7)	4,663,200	3,824,100
Equipment and leasehold improvements, net (Note 8)	1,543,495	1,696,134
	$ 25,637,009	$ 23,726,149

LIABILITIES AND NET ASSETS

	2006	*2005*
Current Liabilities		
Accounts payable and accrued liabilities	$ 903,294	$ 807,891
Deferred contributions (Note 9)	13,725,430	12,595,863
	14,628,724	13,403,754
Long -term Liabilities		
Other employee future benefits (Note 7)	2,533,900	2,315,900
Net Assets		
Net assets - capital (Note 8)	1,543,495	1,696,134
Net assets - endowment (Note 10)	1,862,496	1,830,039
Net assets – unrestricted	5,068,394	4,480,322
	8,474,385	8,006,495
	$ 25,637,009	$ 23,726,149

Lease commitments (Note 15)

Approved by the Board of Governors

Chair

Thomas

Member

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Operations
for the year ended June 30, 2006

	2006	*2005* (restated – see Note 3)
Revenues		
Contributions, Yukon Government (Note 12)	$ 17,629,813	$ 16,055,463
Third party contracts	5,616,467	6,214,895
Student assistance/scholarships	1,018,161	1,123,294
Sales, rentals and services	844,793	913,404
Tuition and registration fees	683,149	754,285
Interest income	357,034	251,869
Rebates and miscellaneous income	794,757	729,897
	$ 26,944,174	$ 26,043,107
Expenses (Note 11)		
Direct instruction	$ 10,870,310	$ 10,993,608
General administration	4,157,707	3,369,763
Direct instructional support	4,156,789	4,570,464
Facility services and utilities	2,730,367	2,624,313
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Research	1,153,204	952,492
Student assistance/scholarships	1,018,161	1,123,294
Cost of sales	782,941	730,924
Employee leave and termination benefits	210,687	201,038
Miscellaneous	99,673	95,068
	$ 26,508,740	$ 25,963,307
Operating surplus	$ 435,434	$ 79,800

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Changes in Net Assets
for the year ended June 30, 2006

				2006	*2005*
	Unrestricted	Capital	Endowment	Total	Total
Balance, beginning of year	$ 4,480,322	$ 1,696,134	$ 1,830,039	$ 8,006,495	$ 7,915,383
Investment in equipment and leasehold improvements		176,262		176,262	355,757
Amortization of equipment and leasehold improvements		(1,328,901)		(1,328,901)	(1,302,343)
Equipment and leasehold improvements provided at no charge by Yukon Government		1,000,000		1,000,000	1,000,000
Change in net assets – capital	152,638			152,638	(53,410)
Endowment contributions			32,457	32,457	11,308
Operating surplus	435,434			435,434	79,800
Balance, end of year	$ 5,068,394	$ 1,543,495	$ 1,862,496	$ 8,474,385	$ 8,006,495

	2006	*2005*
Determination of funds available for operations:		
Unrestricted fund balance, end of year	$ 5,068,394	$ 4,480,322
Add: Other employee future benefits	2,533,900	2,315,900
(Note 14)	$ 7,602,294	$ 6,796,222

The accompanying notes are an integral part of the financial statements.

YUKON COLLEGE
Statement of Cash Flows
for the year ended June 30, 2006

	2006	2005 (restated – see Note 3)
Cash flows provided by (used in) operating activities:		
Operating surplus	$ 435,434	$ 79,800
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Decrease (increase) in non-cash working capital	555,102	(786,460)
Increase in accrued pension benefit asset	(839,100)	(572,500)
Increase in other employee future benefit liabilities	218,000	207,900
Net cash provided by operating activities	1,698,337	231,083
Cash flows from financing activities:		
Endowment contributions	32,457	11,308
Total cash from financing activities	32,457	11,308
Cash flows used in investing activities:		
Equipment and leasehold improvements acquired	(176,262)	(355,757)
Decrease (increase) in investments	38,843	(70,378)
Net cash used in investing activities	(137,419)	(426,135)
Change in cash:		
Net increase (decrease) in cash and cash equivalents	1,593,375	(183,744)
Cash and cash equivalents		
Beginning of year	14,976,373	15,160,117
End of year	$ 16,569,748	$ 14,976,373

The accompanying notes are an integral part of the financial statements.

1. Purpose of the organization

Yukon College is a post-secondary educational institution and is incorporated under the *College Act*. The College is a not-for-profit organization and is a registered charity under the *Income Tax Act*. A significant portion of its funding is provided by the Government of the Yukon. The College is not an institution of the Government of the Yukon and, except to the extent an agency relationship is created by contracts with the Government, the College is not an agent of the Government.

The purpose of Yukon College is to provide excellent, relevant and accessible learning opportunities.

2. Significant accounting policies

a) Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations, and the accounting policies adopted are consistent with the recommendations of the Canadian Association of University Business Officers.

b) Cash and cash equivalents

Cash and cash equivalents include banker acceptance notes with an original maturity of less than 90 days with Canadian financial institutions.

c) Equipment and leasehold improvements

Purchased equipment and leasehold improvements are recorded at cost. Amortization is provided on the straight-line basis over the assets' estimated useful lives, which range from three to twenty years. No amortization is taken in the year of acquisition. A full year's amortization is taken in the year of disposal.

Works of Art are capitalized at cost and no amortization is recorded.

d) Employee future benefits

Pension benefits

The Yukon College Employees' Pension Plan is a contributory defined benefit pension plan. The pension plan fund provides mandatory pension benefits for all full-time employees and optional benefits for part-time employees of Yukon College. The College's pension plan provides for defined retirement benefits based on an employee's years of service and average final earnings, in accordance with the Federal *Pension Benefits Standards Act*, and is indexed in accordance with the change in Consumer Price Index for 12 months ending September 30th. For any unfunded pension liability, the College is contributing the balance of the costs of the plan as determined by the actuary. Contributions by the College are recorded in the financial statements using an accrued benefit method. The College has contracted with external organizations to provide the services of trustee, administrator, and investment manager for the pension plan. The pension plan assets are held by a trustee and separate financial statements are prepared for the pension plan.

2. Significant accounting policies (continued)

d) Employee future benefits (continued)

Pension benefits (continued)
The College accrues its obligations under the pension plan and the related costs, net of plan assets.

The cost of pension benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, inflation rates, salary escalation, and retirement ages of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 10 years.

Other non-pension benefits
The cost of benefit plans, other than pension, including severance benefits, sick leave and managers' accrued leave is actuarially determined using the projected accrued benefit method prorated on employment services using management's best estimate of inflation rates, salary escalation, retirement ages of employees, and is recognized over the period in which the benefits are earned. The College accrues vacation and severance benefits for employees as earned.

The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by these plans is 10 years.

e) Deferred contributions

Yukon College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Revenues received for a future period are deferred until the services are provided.

f) Revenue recognition

Revenues received without restrictions include tuition and related fees, and sales of services and products. These are recognized as revenue at the time the product or services are delivered.

Unrestricted contributions, such as operating grants, are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized in an amount equal to the amount reported as expenditures under the terms of the restrictions.

2. Significant accounting policies (continued)

f) Revenue recognition (continued)

Endowment contributions, including interest earned, are recognized as direct increases in endowment net assets.

g) Net assets

The entire balance of unrestricted net assets has been internally appropriated by the Board of Governors for anticipated fiscal requirements not funded from other sources (see note 14).

Capital net assets are appropriated for equipment and leasehold improvements.

Endowment net assets are set aside for specific purposes. The principal must remain unexpended, but associated investment income may be expended in accordance with the various purposes established by the donors or the Board of Governors.

h) Internal appropriations

Internal appropriations are established under the authority of the Board of Governors, by appropriation from unrestricted net assets and other employee future benefits to provide for anticipated fiscal requirements not funded from other sources.

i) Services provided without charge

The free rental of the College's main campus and certain other facilities provided by the Government is recorded as contribution revenue and certain offsetting operating expenses (see Note 12).

3. Change in Accounting Policy

In accordance with the recommendations in the CICA Handbook, the College has chosen to recognize services received from the Government of Yukon at fair value (see Note 12). Recording the value of services provided without charge by the Government recognizes and discloses the full cost of operations of the College.

There is no effect on the 2006 net operating results of the College as a result of this change. However individual financial statement items have been affected as follows:

	2006	2005
Contributions, Yukon Government – increased	2,548,100	2,548,100
General administration expenses – increased	43,000	43,000
Facility services and utilities expenses – increased	1,505,100	1,505,100
Amortization of equipment and leasehold improvements expense – increased	1,000,000	1,000,000

This change in accounting policy has been applied retrospectively and certain prior year comparative revenue and expense figures have been restated.

4. Financial instruments

Accounts receivable, accounts payable and accrued liabilities are the result of the transactions incurred in the normal course of business, have no significant credit risks, and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

5. Cash and cash equivalents

	2006	2005
Cash	$ 568,803	$ 275,623
Bankers acceptances	16,000,945	14,700,750
Total cash and cash equivalents	$ 16,569,748	$ 14,976,373

The carrying value of cash and cash equivalents approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its cash and equivalents. In addition, the College is also exposed to credit and concentration risk for its cash and equivalents. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2006 is 3.2% (2005 – 2.1%).

The College has, if needed, an operating demand line of credit with its banker that allows the College to borrow up to $500,000 at bank prime. The credit line was unused at year-end. The College's credit facility interest rates are subject to fluctuations in the prime rate.

6. Investments

	2006	2005
Short-term deposits	$ 245,314	$ 311,509
Bankers acceptances	1,694,143	1,666,792
	$ 1,939,457	$ 1,978,301

The carrying value of short-term deposits and bankers acceptances approximates their fair market values due to the relatively short-term maturity of these financial instruments.

The College is exposed to interest rate risk arising from fluctuations in interest rates on its short-term investments. In addition, the College is also exposed to credit and concentration risk for its short-term investments. Credit risk is minimized substantially by ensuring that these financial assets are placed with credit-worthy counter-parties and Canadian chartered banks. The average annual return on investments for 2006 is 3.2% (2005 – 2.1%)

A portion of the investments is internally restricted cash of which $1,862,496 (2005 - $ 1,830,039) is related to endowments.

7. Employee future benefits

a) Pension benefits

Assets in the Yukon College Employees' Pension Plan are based on fair value as reported by the custodian of the funds as at June 30, 2006, adjusted for known contributions/payments in transit at that date.

The Actuary calculated his values using appropriate principles for the profession as follows:

	2006	2005
Fair value of plan assets	$ 41,390,700	$ 38,021,700
Accrued benefit obligation	35,785,600	36,610,200
Funded status – plan surplus	5,605,100	1,411,500
Unamortized net actuarial (gain) loss	(1,344,400)	1,929,600
Unamortized past service costs	402,500	483,000
Accrued pension benefit asset	$ 4,663,200	$ 3,824,100

The actuarial valuation for funding purposes performed by the actuary as of June 30, 2005 established the College's required contributions as 253% of employee contributions. Under the economic and demographic assumptions used in these calculations, this level of College contributions together with the employee contributions is sufficient to fund the current service cost of the plan benefits.

The College contribution rate will be revised following the completion of the next actuarial valuation for funding purposes as at June 30, 2006, due to be filed with the federal pension regulator by December 31, 2006. Total benefit payments made in 2006 were $ 2,633,700 (2005 - $620,800).

The annual pension cost and change in accrued benefit asset are as follows:

	2006	2005
Accrued benefit asset, beginning of year	$ 3,824,100	$ 3,251,600
Less: Annual pension cost	(1,470,200)	(1,164,800)
Add: Contributions by College	2,309,300	1,737,300
Accrued benefit asset, end of year	$ 4,663,200	$ 3,824,100

7. Employee future benefits (continued)

a) Pension benefits (continued)

The elements of defined pension plan benefit costs recognized in the year are as follows:

	2006	2005
Current service cost, net of employee contributions	$ 2,136,800	$ 1,478,200
Interest on accrued benefit obligation	1,926,800	1,960,200
Expected return on plan assets	(2,673,900)	(2,354,100)
Amortization of past service costs	80,500	80,500
Pension costs	$ 1,470,200	$ 1,164,800

The plan assets are comprised of the following:

	2006	2005
Equities		
Canadian	37.35%	36.50%
Foreign	20.25%	19.37%
Total equities	57.60%	55.87%
Fixed income - Canadian		
Government	29.91%	31.08%
Corporate	10.57%	7.96%
Total fixed income	40.48%	39.04%
Short term investments		
Canadian	1.46%	4.63%
Total securities	99.54%	99.54%
Cash	0.07%	0.08%
Accrued income	0.39%	0.38%
Total plan assets	100.00%	100.00%

Refer to Note 16 for information on the actuarial valuation for funding purposes.

7. Employee future benefits (continued)

b) Other non-pension benefit plans

These benefits are not funded. The actuarial valuation of the accrued benefit liability as at June 30, 2006 is as follows:

	2006	2005
Accrued benefit obligation, end of year	$ 2,663,400	$ 2,524,500
Unamortized actuarial loss	(129,500)	(208,600)
Accrued benefit liability, end of year	$ 2,533,900	$ 2,315,900

The annual benefit plan cost and change in accrued benefit liability are as follows:

	2006	2005
Accrued benefit liability, beginning of year	$ 2,315,900	$ 2,108,000
Add: Annual benefit plan cost	421,100	405,600
Less: Benefits paid by College	(203,100)	(197,700)
Accrued benefit liability, end of year	$ 2,533,900	$ 2,315,900

The significant actuarial assumptions adopted in measuring the College's accrued benefit obligation are as follows (weighted-average assumptions as of June 30th):	2006	2005
Accrued benefit obligation as of June 30th:		
Discount rate	5.75%	5.25%
Rate of compensation increase	4.00%	4.00%
Benefit costs for years ended June 30th:		
Discount rate	5.25%	6.25%
Expected long-term rate of return on plan assets	7.00%	7.00%
Rate of compensation increase	4.00%	4.00%

8. Equipment and leasehold improvements

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment – general	$ 1,217,105	$ 742,257	$ 474,848	$ 552,465
Leasehold improvements	1,218,168	404,518	813,650	840,821
Equipment – EDP	278,287	116,357	161,930	206,069
Furniture & fixtures	61,310	31,925	29,385	27,431
Art	52,349	-	52,349	52,349
Vehicles	28,331	16,998	11,333	16,999
Net assets - capital	$ 2,855,550	$ 1,312,055	$ 1,543,495	$ 1,696,134

9. Deferred contributions

These represent unspent resources which have been received and relate to expenditures that will occur in subsequent periods, and are therefore not amortized. The unrestricted portion relates to the timing of receipt of the government contributions. These are received on an annual basis on or about April 1 of each year and therefore a significant portion must be deferred. The restricted portion includes funds received for donations, scholarships, bursaries and other purposes.

	Unrestricted	Restricted	2006 Total	2005 Total
Balance, beginning of year	$ 11,707,533	$ 888,330	$ 12,595,863	$ 12,254,916
Less: amount recognized as revenue for the period	(11,707,533)	(888,330)	(12,595,863)	(12,254,916)
Add: amounts related to future periods	12,803,989	921,441	13,725,430	12,595,863
Balance, end of year	$ 12,803,989	$ 921,441	$ 13,725,430	$ 12,595,863

10. Endowment

	2006	2005
Balance, beginning of year	$ 1,830,039	$ 1,818,731
Endowment contributions, including interest	32,457	11,308
Balance, end of year	$ 1,862,496	$ 1,830,039

11. Expenditure by object

	2006	2005 (restated – see note 3)
Salaries, wages and benefits	$ 17,018,532	$ 16,407,442
Contract services	1,689,230	1,871,178
Utilities and communications	1,465,669	1,402,826
Other	1,432,099	1,450,568
Amortization of equipment and leasehold improvements	1,328,901	1,302,343
Materials and Supplies	1,128,548	1,080,848
Student assistance/scholarships	1,018,161	1,123,294
Cost of sales and ancillary services	782,941	730,924
Travel	433,972	392,846
Employee leave and termination benefits	210,687	201,038
	$ 26,508,740	$ 25,963,307

12. Yukon Government contributions

	2006	2005
Operating contributions	$ 15,081,713	$ 13,507,363
Services provided without charge	2,548,100	2,548,100
	$ 17,629,813	$ 16,055,463

The majority of the services provided without charge represent costs associated with facilities provided by the Yukon Government at a reduced, or no, charge. The fair value of these services is based on the Government's amortization expense (for the main campus), and on an estimated market value for other spaces, plus any related operating expenses.

13. Related party transactions

The College regularly enters into contracts for the provision of services to Departments of the Yukon Government. The value of these contracts is $2,436,640 ($2,898,610 - 2005)

14. Internal appropriations

The total of the unrestricted funds available for operations in future years has been internally appropriated and the balances allocated for the following:

	2006	2005
Equipment replacement	$ 757,124	$ 757,124
Human resource contingency	800,000	800,000
Lease obligations	313,220	313,220
Program development	430,057	430,057
First Nations programs	400,000	400,000
Northern Research Institute contingency	113,693	146,721
Residence reserve	25,000	25,000
Self insurance reserve	100,000	100,000
Accrued pension benefit asset	4,663,200	3,824,100
	$ 7,602,294	$ 6,796,222

15. Lease commitments

The following is a schedule of future minimum payments under operating leases and system maintenance contracts entered into for more than one year:

2006-2007	$ 236,105
2007-2008	$ 131,041
2008-2009	$ 133,140
2009-2010	$ 127,103
Thereafter	$ 371,186

16. Subsequent events

Subsequent to year-end, the College has received the preliminary results of the actuarial valuation for funding purposes on the Yukon College Employees' Pension Plan as of June 30, 2006.

The significant points are:
- the surplus on an ongoing basis has increased since the last valuation (June 30, 2005) from $4,393,600 to $6,124,200.
- the deficit on a solvency basis has decreased since the last valuation from $2,734,700 to $2,054,400.
- assuming the member contributions remain at the rates in effect July 1, 2006, the minimum required contribution for the College is 247% of members' contributions plus annual special payments of $464,000

The College is considering options to amortize the solvency deficit over 10 years (versus 5 years) contingent on further analysis, and the passage of Federal regulations that would permit this to occur.

The Government has provided a funding commitment to the College to provide $1,251,600 per year for five years to address the solvency deficit. The College received the first payment in April 2006.

All required contributions to the Plan have been made.

YUKON HOSPITAL CORPORATION

FINANCIAL STATEMENTS

March 31, 2007

(audited)

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Management Responsibility

The accompanying financial statements of Yukon Hospital Corporation, and all information in the annual report pertaining to the Corporation, are the responsibility of management, and have been approved by the Board of Directors.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The financial statements include some amounts, such as the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirement and sick leave benefits, that are necessarily based on management's best estimates and judgement. Management has determined such amounts on a reasonable basis. Financial information used in the annual report is consistent with that in the financial statements.

Management maintains a system of internal accounting and administrative controls designed to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors of the Corporation is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal controls. The Board exercises this responsibility through an Audit Committee consisting of five non-management members. The Audit Committee meets regularly with management and with the external auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

These financial statements have been independently audited in accordance with Canadian generally accepted auditing standards by the Corporation's external auditor, the Auditor General of Canada, and her report is included with these financial statements.

Nick Leenders
Director of Finance

Nick Leenders

July 12, 2007

Kelly Steele
Manager, Accounting Services

July 12, 2007

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Directors of the Yukon Hospital Corporation

I have audited the consolidated statement of financial position of the Yukon Hospital Corporation as at March 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2006 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated May 19, 2006.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
July 12, 2007

Yukon Hospital Corporation
Consolidated Statement of Financial Position
As at March 31

	2007 $	(Restated-note 3) 2006 $
ASSETS		
Current assets		
Cash & cash equivalents (note 3)	**3,819,965**	4,116,872
Accounts receivable	**1,213,555**	1,038,683
Inventory (note 4)	**851,485**	929,595
Prepaid expenses	**294,295**	232,494
	6,179,300	6,317,644
Restricted funds (note 5)	**602,652**	510,059
Accrued pension benefit (note 3 & 13)	**2,326,700**	–
Capital assets - net (note 3 & 6)	**6,212,668**	6,782,342
	15,321,320	13,610,045
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**1,335,179**	1,365,074
Accrued payroll and benefits	**2,020,221**	1,736,863
Deferred revenue	**149,500**	69,422
	3,504,900	3,171,359
Long-term liabilities		
Accrued pension liability (note 3 & 13)	–	2,448,800
Employee future benefits other than pensions (note 7)	**1,400,087**	1,281,366
Deferred capital contributions (note 8)	**2,928,418**	3,797,088
Long-term debt (note 9 & 10)	**395,898**	395,898
	4,724,403	7,923,152
	8,229,303	11,094,511
Net Assets		
Invested in capital assets (note 3 & 11)	**2,613,831**	2,818,277
Contributed surplus (note 3 & 12)	**1,393,007**	1,393,007
Restricted - First Nations Health Fund (note 3)	**2,575,763**	2,588,398
Restricted for capital purchases, external (note 5)	**602,652**	510,059
Restricted for capital purchases, internal	**325,878**	257,287
Unrestricted (note 3)	**(419,114)**	(5,051,494)
	7,092,017	2,515,534
	15,321,320	13,610,045

Contingent liabilities and commitments (note 18)

The accompanying notes are an integral part of the financial statements.

On behalf of the Board

Chairman

Director

Yukon Hospital Corporation
Consolidated Statement of Operations

For the year ended March 31

	2007 $	(Restated-note 3) 2006 $
Revenues		
Government of Yukon - basic	**28,041,225**	24,812,225
Government of Yukon - other (note 14)	**4,702,871**	403,125
Patients	**2,130,996**	1,938,322
Government of Yukon - in kind (note 3 & 14)	**1,622,516**	1,618,499
Amortization of deferred capital contributions (note 8)	**1,343,670**	1,003,368
First Nations Health Program (note 15)	**801,145**	847,113
Fundraising	**519,284**	506,015
Interest	**455,314**	398,922
Other	**269,036**	269,100
Cafeteria	**196,446**	180,855
	40,082,503	31,977,544
Expenses		
Compensation and benefits	**18,211,081**	17,212,432
Pension	**2,325,000**	1,743,800
Supplies	**5,437,888**	5,005,009
Contracted services	**2,046,052**	1,941,224
Sundry (note 16)	**1,753,612**	1,498,661
Amortization of capital assets	**1,492,179**	1,479,366
Equipment and building services	**1,124,819**	1,424,170
Equipment and building services - in kind (note 3 & 14)	**1,622,516**	1,618,499
First Nations Health Program (note 15)	**813,780**	765,636
Improvements - Thomson Center (note 17)	**503,439**	157,765
Fundraising	**268,247**	182,885
	35,598,613	33,029,447
Surplus (deficiency) of revenue over expenses	**4,483,890**	(1,051,903)

The accompanying notes are an integral part of the financial statements.

Yukon Hospital Corporation

Consolidated Statement of Changes in Net Assets

For the year ended March 31

	Invested in Capital Assets (note 11) $	Contributed Surplus $	Restricted For First Nations Health Fund (note 15) $	Restricted For Capital Purchases External (note 5) $	Restricted For Capital Purchases Internal $	Unrestricted $	2007 Total $	2006 Total (Restated-note 3) $
Balance, beginning of year	2,818,277	1,393,007	2,588,398	510,059	257,287	(5,051,494)	2,515,534	3,509,370
Surplus (deficiency) of revenue over expenses	(651,948)		(12,635)		68,591	5,079,882	4,483,890	(1,051,903)
Net change in invested in capital assets (note 11)	447,502					(447,502)		
Contributions				117,981			117,981	130,804
Purchases of Capital Assets				(25,388)			(25,388)	(72,737)
Balance, end of year	2,613,831	1,393,007	2,575,763	602,652	325,878	(419,114)	**7,092,017**	2,515,534

The accompanying notes are an integral part of the financial statements.

Yukon Hospital Corporation
Consolidated Statement of Cash Flows
For the year ended March 31

	2007	2006
	$	$
Cash flows provided by (used in) operating activities:		
Receipts from and on behalf of patients	38,365,192	30,909,411
Payments to employees	-24,909,502	-17,891,660
Payments to suppliers and contractors	-13,305,095	-12,284,075
Cash flows from operating activities	150,595	733,676
Cash flows used in investing activities		
Purchase of capital assets	-922,502	-1,844,232
Cash flows used in investing activities	-922,502	-1,844,232
Cash provided by financing activities		
Cash received for capital purchases	475,000	1,135,529
Cash flows from financing activities	475,000	1,135,529
Net increase (decrease) in cash	-296,907	24,973
Cash & cash equivalents, beginning of the year	4,116,872	4,091,899
Cash & cash equivalents, end of the period	3,819,965	4,116,872
Represented by:		
Cash	692,975	1,175,861
Cash and cash equivalents - First Nations Health Program	2,536,184	2,625,712
Cash and cash equivalents - Yukon Hospital Foundation	590,806	315,299
	3,819,965	4,116,872

The accompanying notes are an integral part of the financial statements.

1 - PURPOSE

a) The Corporation is a charitable organization established under the *Hospital Act* of the Yukon. The objects of the Corporation are to provide hospital and medical services to meet the needs of people in the Yukon. The Corporation is a registered charity and accordingly is exempt from income taxes, provided certain requirements of the *Federal Income Tax Act* are met.

b) The Yukon Hospital Foundation is a society incorporated under the *Societies Act* of Yukon. The purpose of the society is to promote health of people in the Yukon, to raise money for hospital and medical care and services, supervised residential care and continuing care, and rehabilitative care and services. The Foundation also grants funds and provides equipment, services and facilities to health facilities in the Yukon, and in particular to the Yukon Hospital Corporation.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The consolidated financial statements include the accounts of Yukon Hospital Corporation and Yukon Hospital Foundation. All significant inter-company transactions and balances have been eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents also includes amounts for the First Nation Health Program. Cash equivalents are recorded at cost, which approximates fair value, and consists of investments in bankers acceptances with maturities of three months or less from the date of acquisition.

Inventory

Inventory is valued at the lower of cost, determined on the first-in, first out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost except for a contributed capital asset which is recorded at fair market value at the date of contribution. Amortization is calculated by the straight line method over the assets' expected useful lives (see note 3). Small equipment costing under $2,500 is expensed when incurred.

Revenue Recognition

The Corporation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest income is recognized as revenue when earned.

Operating contribution agreement amounts are recorded as revenue in the period to which they relate. Where a portion of a contribution relates to a future period, it is deferred and recognized in the subsequent period.

Revenue from other provinces and uninsured patients, operational revenue and ancillary services are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue for funded programs is recognized in the period expenses are incurred.

Interest income is recorded on an accrual basis.

Donated services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the corporation are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk.

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2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

Eligible employees of the Corporation participate in the Yukon Hospital Corporation Employees Defined Benefit Pension Plan, administered by the Corporation's Board of Trustees. Contributions to the plan are required from both the employees and the Corporation. Contributions to the plan made during the year by the Corporation on behalf of its employees are included in the statement of operations.

Pensions are based on length of service and final average earnings. Cost of living increases are provided annually to pensioners, as well as upon retirement for deferred pensioners. The expected return on plan assets is based on the fair value of plan assets at the beginning of each fiscal year. Cumulative unrecognized gains and losses in excess of 10% of the greater of the accrued benefit obligation and the market value of plan assets are amortized on a straight-line basis over the expected average remaining service period ("EARSL") of active employees expected to receive benefits under the plan. Past service costs arising from retroactive benefit improvements are amortized on a straight-line basis over the EARSL of active members expected to receive benefits under the plan. Further details with respect to the pension are contained in note 13.

Employee future benefits other than pensions

Employees are entitled to specified severances and sick leave benefits as provided for under union contracts and conditions of employment. The liability for these payments is estimated and recorded in the accounts as the benefits accrue to the employees. Management determines the accrued benefit obligation based on assumptions that the following percentages of employees will leave the Corporation after seven years:

Age 18-25	100%
Age 26-35	75%
Age 36-45	60%
Age 46-55	20%
Age 55+	0%

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Significant areas requiring the use of management estimates relate to the determination of the defined benefit pension plan surplus and the liabilities for accrued severance, retirements and sick leave benefits. Financial results as determined by actual events could differ significantly from these estimates.

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3 - CORRECTIONS OF ERRORS

(a) The Corporation did not apply CICA Accounting Handbook Section 3461, Employee Future Benefits, in recording or valuing its pension plan in prior periods. The pension was previously valued using PSAB section 3250 but was only disclosed in the notes to the financial statements. The impacts of this error at March 31, 2007 are to record an accrued benefit obligation asset for $2,326,700, an accrued benefit obligation liability for $2,448,800 in 2006 and $1,754,800 in 2005. The accrued pension benefit/obligation was increased by $694,000 in 2006 and decreased by $4,775,500 in 2007. The opening 2006 Net assets - Unrestricted has decreased by $1,754,800. These changes have been applied retroactively.

(b) Prior to fiscal 2006/2007, the Corporation accounted for the First Nations Health Program as a trust fund with offsetting amounts of fund asset and liability reported on the Statement of Financial Position. Effective fiscal 2006/2007, the Corporation accounts for the First Nations Health Fund as part of its net assets. This accounting change is treated as a correction of an accounting error in prior periods and, consequently, has been applied retroactively with restatement of comparative amounts.

The significant effects of this accounting change was increases to the 2007 opening Cash & cash equivalents by $2,625,712, the Net Assets - Restricted - First Nations Health Fund by $2,588,398 and the comparative year Surplus (deficiency) of revenue over expenditures by $81,477.

(c) The Corporation's Capital Assets - Land transferred account relating to the land transferred to it by the Government of Yukon in 1994 should be recorded at fair market value at time of transfer rather than nominal value to be in accordance with the Canadian Institute of Chartered Accountants (CICA) generally accepted accounting principles requirements.

In accordance with the CICA's Accounting Handbook Section 4430 Capital Assets Held by Not-for-profit Organizations, which came into effect April 1997, the change has been applied retroactively. The effect of the change in land valuation was to increase Capital Assets - Land transferred by $1,009,211 and to increase Net Assets - Contributed Surplus by $1,009,211.

(d) In accordance with the recommendations in the CICA Accounting Handbook Section 4460, Disclosure of Related Party Transactions by Not-for-profit Organizations, the Corporation has chosen to recognize services received from the Government of Yukon at fair value (see note 14). Recording the value of services provided without charge by the Government recognizes and discloses the full cost of operations of the Corporation.

There is no effect on the 2007 and 2006 net operating results of the Corporation as a result of this change. However individual financial statement items in the Consolidated Statement of Operations have been affected as follows: Government of Yukon - in kind and Equipment and building services - in kind both increased by $1,622,516 (2006 $1,618,499).

(e) Equipment and fixtures transferred to the Corporation in 1994 amounting to $689,262 are no longer reported on the financial statements as the assets are no longer in use. In accordance with CICA Accounting Handbook Section 4430, Capital Assets Held by Not-for-profit Organizations, this adjustment has been retroactively applied to the prior year. The effect of the change also decreased Net Assets - Invested in capital assets by $689,262.

4 - INVENTORY

	2007	2006
Inventory	**$**	**$**
• Pharmacy	**456,213**	355,317
• Material Management	**395,272**	390,728
• Other Inventory	**–**	183,550
Total Inventory	**851,485**	929,595

5 - RESTRICTED FOR CAPITAL PURCHASES - EXTERNAL

The Corporation has control over funds which have been donated for specific capital purchases. These funds are set up on the balance sheet as an asset with an offsetting entry to Net Assets Restricted for Capital purchases.

	2007	2006
	$	$
Balance, Beginning of year	**510,059**	451,992
Contributions during the year	**117,981**	130,804
Purchases during the year	**(25,388)**	(72,737)
Balance, End of year	**602,652**	510,059

$573,277 is held in separate bank accounts representing donations made to Run for Mom and the Endowment fund.

6 - CAPITAL ASSETS

				2007	2006
	Rate	Cost	Accumulated amortization	Net	Net
		$	$	$	$ (Restated note3)
Medical equipment	15%	**7,149,296**	**4,088,045**	**3,061,251**	3,638,724
Information systems	20%	**3,458,835**	**2,401,127**	**1,057,708**	983,516
Building improvements	5%	**1,618,675**	**619,949**	**998,726**	1,079,850
Land					
transferred	0%	**1,009,213**		**1,009,213**	1,009,213
Equipment and fixtures	10%	**162,691**	**162,691**	**–**	18,951
Yukon Hospital Foundation Property & Equipment	20%	**27,559**	**5,512**	**22,047**	–
First Nations Health Property & Equipment		**63,723**	**–**	**63,723**	52,088
		13,489,992	**7,277,324**	**6,212,668**	6,782,342

The land on which the hospital building is located is owned by the Corporation. The hospital building itself is owned by the Government of Yukon. The Corporation is responsible for the maintenance and upkeep of the building and grounds.

7 - EMPLOYEE FUTURE BENEFITS OTHER THAN PENSIONS

The Corporation provides severances and sick leave benefits to its employees. These benefits represent the only obligation of the Corporation that entails settlement by future payment. The amounts are not actuarially determined or discounted. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future sources of revenue.

	2007	2006
Accrued benefit obligation	**$**	**$**
Beginning of year	**1,431,366**	1,353,611
Cost for the year	**248,425**	150,000
Benefits paid during the year	**(129,704)**	(72,245)
Accrued benefit obligation end of year	**1,550,087**	1,431,366
Short-term portion	**150,000**	150,000
Long-term portion	**1,400,087**	1,281,366

A large portion of the accrued payroll benefits relating to severance, retirement and sick leave have been classified as a long-term liability in the accompanying financial statements as the probability of pay out within the next fiscal year is considered low.

8 - DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received to purchase capital assets. The changes in the deferred contributions balance for the year are as follows:

	2007	2006
	$	$
Balance, Beginning of year	**3,797,088**	3,664,927
Restricted government contribution	**475,000**	1,060,000
Restricted capital contribution (non-government)	**-**	75,529
Amount amortized to revenue	**(1,343,670)**	(1,003,368)
Balance, End of year	**2,928,418**	3,797,088

9 - LONG-TERM DEBT

	2007	2006
	$	$
Yukon Development Corporation	**395,898**	395,898

$395,898 flexible term note bearing interest at 7.5% repayable in annual instalments, based on annual energy savings realized, secured by a general security agreement on building improvements with a net book value of $476,718. (2006 $506,513)

The long-term debt repayment portion is 50% of the savings total. An initial payment on principal of $200,000 was made by Yukon Hospital Corporation in 2004. Any future principal payments will not begin until the total savings exceeds $400,000.

The savings realized to date are as follows:		**$**
	2004	77,461
	2005	109,494
	2006	112,000
		298,955

Yukon Development Corporation is related to the Corporation as they are both under common control by the Government of Yukon. This transaction took place under normal trade terms.

10 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits and long-term debt. The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, accrued payroll and benefits approximate their fair values due to the short-term nature of these financial assets and liabilities.

The fair value of long-term debt is based on management estimates and is determined by discounting cash flows required at the interest rate currently estimated to be available for loans with similar terms.

The carrying amount and estimated fair value of the long-term debt financial instruments are as follows:

	2007		**2006**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	$	**$**	**$**	**$**
Long-term debt	**395,898**	**455,362**	**395,898**	**460,957**
	395,898	**455,362**	**395,898**	**460,957**

Credit Risk
In addition, the Corporation is also exposed to credit and concentration risk for its cash and cash equivalents and accounts receivable. Credit risk is minimized substantially by ensuring that cash and cash equivalent assets are placed with Canadian chartered banks. The average annual return on investments for 2007 is 4.23% (2006 - 2.88%).

Account receivable, accounts payable and accrued liabilities are the result of transactions incurred in the normal course of business, do not have significant credit risk, and are non-interest bearing.

11 - INVESTED IN CAPITAL ASSETS

(a) Net assets invested in capital assets is calculated as follows:

	2007	(Restated-note3) 2006
	$	$
Capital assets (note 6) less land in Net assets - Contributed Surplus	**5,203,455**	5,773,129
Amounts financed by deferred contributions	**(2,589,624)**	(2,954,852)
	2,613,831	2,818,277

Change in net assets invested in capital assets is calculated as follows:

(b) Deficiency of revenue over expenses

	2007	2006
Amortization of deferred contributions	**840,231**	845,603
Amortization of capital assets	**(1,492,179)**	(1,479,366)
	(651,948)	(633,763)

(c) Net change in invested capital assets

	2007	2006
Purchase of capital assets	**922,502**	1,844,232
Amounts funded by deferred contributions	**(475,000)**	(1,319,803)
	447,502	524,429

12- CONTRIBUTED SURPLUS

Certain assets including land were transferred from the Government of Canada and the Government of Yukon to the control of the Yukon Hospital Corporation on April 1, 1993 and January 19, 1994.

13 - PENSION COSTS AND OBLIGATIONS

Yukon Hospital Corporation sponsors a contributory defined benefit pension plan. Effective June 25, 2006, the Plan has been amended so that members are required to contribute to the plan 5.5% of annualized earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 7.5% of annualized earnings in excess of YMPE for the Plan year.

The Corporation contributes amounts as prescribed by an independent actuary.

A separate pension fund is maintained to hold plan assets. Yukon Hospital Corporation has contracted with external organizations to provide trustee and investment management services for the fund. Pension fund assets are invested in balanced pooled funds of the investment manager. The market value of plan assets was $37,116,200 as at December 31, 2006.

An actuarial valuation for accounting purposes was performed as of December 31, 2006 by Mercer Human Resource Consulting, using the projected benefits method prorated on services. The actuarial valuation included services rendered by members under the Yukon Hospital Corporation Employees' Pension Plan since the inception of the plan in 1993, as well as service credits in respect of pre-1993 service transferred to the Yukon Hospital Corporation Employees' Pension Plan from the Public Service Pension Plan under the Special Reciprocal Transfer Agreement dated June of 1995. The next actuarial valuation for accounting purpose will be performed as of December 31, 2007.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect management's best estimate of these future events. Key assumptions are summarized below:

Weighted-Average Assumptions for Expense	**2007**	(Restated-note3) **2006**
• Discount rate	5.00%	6.00%
• Expected long-term rate of return on plan assets	7.00%	7.00%
• Rate of compensation increase (exclusive of SMP increases)	3.00%	3.50%

Weighted-Average Assumptions for Disclosure	**2007**	**2006**
• Discount rate	5.25%	5.00%
• Rate of compensation increase (exclusive of SMP increases)	3.00%	3.50%

As at December 31, 2006, pension fund assets are valued at market value. No adjustment is made for benefits payable or contributions receivable.

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13 - PENSION COSTS AND OBLIGATIONS (continued)

	2007	2006 (Restated note 3)
Change in accrued benefit obligation		
- Accrued benefit obligation - end of prior year	37,071,200	27,934,500
- Employer current service cost	2,183,500	1,582,500
- Interest cost on benefit obligation	1,849,900	1,676,100
- Employee contributions	703,400	602,400
- Benefits paid	(850,600)	(599,800)
- Actuarial loss	(2,177,100)	5,875,500
- Accrued benefit obligation - end of year	38,780,300	37,071,200
Change in Plan Assets		
- Fair value of plan assets - end of prior year	28,139,800	25,030,500
- Actual return on plan assets	3,814,000	2,455,000
- Employer contributions	5,674,600	833,100
- Employee contributions	703,400	602,400
- Benefits paid	(850,600)	(599,800)
- Actual plan expenses	(365,000)	(181,400)
- Fair value of plan assets - end of year	37,116,200	28,139,800
Market value of plan assets - end of year	37,116,200	28,139,800
Reconciliation of Funded Status		
- Accrued benefit obligation - end of year	38,780,300	37,071,200
- Fair value of plan assets	37,116,200	28,139,800
- Funding deficit	(1,664,100)	(8,931,400)
- Employer contributions made between measurement date and fiscal year end	1,642,600	216,700
- Unamortized net actuarial loss	2,348,200	6,265,900
Accrued benefit asset (liability)	2,326,700	(2,448,800)
Components of Net Periodic Pension Cost		
- Current service cost (employer portion) including provision for administrative expenses	2,322,500	1,688,000
- Interest cost on benefit obligation	1,849,900	1,676,100
- Actual return on plan assets	(3,814,000)	(2,455,000)
- Actuarial loss on accrued benefit obligation	(2,177,100)	5,875,500
Cost arising in the period	(1,818,700)	6,784,600
Differences between costs arising in the period and costs recognized in the period in respect of		
- Return on plan assets	1,655,600	677,300
- Actuarial loss	2,330,700	(5,875,500)
- Plan amendments	157,400	157,400
- Transitional obligation (asset)	–	–
Net periodic pension cost recognized	2,325,000	1,743,800

Plan Assets By Asset Category	**Dec 31, 2007**	Dec 31, 2006
- Equity securities	58.9%	62.4%
- Debt securities	33.5%	34.7%
- Other	7.6%	2.9%
Total	100%	100%

13 - PENSION COSTS AND OBLIGATIONS (continued)

The Yukon Hospital Corporation adopted a measurement date of December 31 in respect of its pension obligations. Consequently, both benefit obligations and plan assets are measured as of December 31 for presentation in the financial statements as of March 31.

The accrued benefit asset has been recorded on the Corporation's books of account and is included on the balance sheet as at March 31, 2007.

The funded status of the pension plan (a deficit of $1,664,100 as at December 31, 2006) presented in these financial statements has been determined on the basis that the pension plan remains a going-concern. As at December 31, 2006 the pension plan had a deficit of $4.3 million if valued on the basis that the pension plan were terminated/wound up as at December 31, 2006.

The solvency ratio of the plan is 90%. Since it is less than 100%, to be in accordance with the *Pension Benefits Standards Act, 1985*, the Corporation is required to make special payments to eliminate the solvency shortfall. The payments have been actuarially determined as follows: quarterly payments of $135,750 per year over five years starting in 2004 and quarterly payments of $181,400 per year over five year starting in 2005. During the fiscal year, the Corporation contributed $7,100,500 to the plan, of which $2,581,121 related to solvency deficiency payments for the years 2003 to 2005 and $2,700,000 for 2006. Also during the fiscal year, the Corporation received $4,627,871 from the Government of Yukon to fund these payments.

The maximum amount the Government of Yukon has agreed to pay for any pension deficit over the next five years is summarized:

	$
2008	1,414,000
2009	1,423,000
2010	1,436,000
2011	1,448,000
2012 and thereafter	5,914,000
	11,635,000

This amount is subject to re-evaluation after each actuarial valuation.

14 - RELATED PARTY TRANSACTIONS

	2007	2006
Government of Yukon Contribution	**$**	**$**
• Basic Services	**28,041,225**	24,812,225
• Other	**4,702,871**	403,125
• Yukon Hospital Foundation (included in fundraising revenue)	**75,000**	50,000
Government of Yukon Contribution	**32,819,096**	25,265,350

Revenue received from the Government of Yukon for services was $32,819,096 for 2007 (2006 $25,265,350). The 2007 contribution includes $75,000 (2006 $50,000) flow through funding given to Yukon Hospital Foundation. The other funding includes $4,627,871 (2006 $-) for the pension solvency deficiency payments.

	2007	2006
Services Provided Without Charge	**$**	**$**
• Rent	**1,008,896**	1,008,896
• Property taxes	**613,620**	609,603
Government of Yukon - In Kind	**1,622,516**	1,618,499

Services provided without charge represents costs associated with facilities provided by the Government of Yukon at a reduced rate or no charge. The estimated value of these services is based on the Government's amortization expense, plus any related operating expenses.

Other services are provided to related parties at no charge based on the agreement outlined in the Appendix H agreement. Appendix H is a transfer agreement between the Corporation and Government of Yukon which outlines Whitehorse General Hospital obligation to provide residual services to Yukon Communities. The total cost of providing these services for 2007 was $138,000 (2006 $142,000).

In compliance with its Appendix H agreement, the Corporation provides goods in the amount of $794,886 (2006 $738,860) to related parties which includes a 15% administration charge on Material Management supplies purchased in excess of $80,000. The Corporation recovers only the cost of goods of $735,720 (2006 $672,751). As this is a cost recovery arrangement, the revenues and cost of sales have been netted in Revenues - Other in the Consolidated Statement of Operations.

15 - FIRST NATIONS HEALTH PROGRAM

The following amounts have been used in the First Nations Health Program and have been included in the Consolidated Statement of Operations

	2007	2006
Revenues	**$**	$
Government of Yukon - Transfer agreement	**663,000**	663,000
Interest	**103,723**	66,837
Government of Yukon Contributions Health Partnership and Secondments	**34,422**	117,276
	801,145	847,113
Expenses		
Payroll	**635,440**	577,711
Material & Supplies	**14,088**	7,968
Travel	**24,437**	13,516
Honoraria	**8,850**	13,350
Sundry	**50,465**	38,962
Scholarships	**25,500**	10,693
Donations - Under our Wing Campaign	**30,000**	30,000
Contribution - Council of Yukon First Nations Health Commission	**25,000**	30,000
Contribution - Council of Yukon First Nations Health Partnerships and Secondments	**–**	43,436
	813,780	765,636

Under an annual contribution agreement, the Government of Yukon provides funds to the Corporation for the purpose of operating the First Nation Health Program at the Whitehorse General Hospital. First Nations Health Services include a health liaison worker program, child life worker for the paediatric ward, traditional medicine, traditional diet, employment equity and training program, interpretation services and in-service training

16 - SUNDRY EXPENSE

The balance in Sundry expense is made up of the following items

	2007	2006
	$	$
Software maintenance	**288,685**	172,028
Conference fees/Travel	**282,998**	249,325
Legal and professional fees	**262,309**	330,993
Delivery/Courier/Taxi	**194,347**	208,096
Insurance	**137,444**	137,133
Security	**105,166**	106,267
Miscellaneous	**100,812**	70,502
Bad debt	**96,661**	7,545
Advertising	**69,700**	34,040
Human resources recruitment and relocation	**67,749**	31,947
Membership fees	**56,696**	59,604
Communications	**53,630**	50,904
Honorariums	**37,414**	40,275
	1,753,612	1,498,661

17 - IMPROVEMENTS - THOMSON CENTER

The Thomson Center is a building owned by the Government of Yukon and was built adjacent to the Whitehorse General Hospital on land owned by the Corporation. The improvements to the Thomson Center consisted of repairs and upgrades funded by capital contributions provided by the Government of Yukon. As a result, these improvements have been expensed and not capitalized in these financial statements.

18 - CONTINGENT LIABILITIES AND COMMITMENTS

The nature of the Corporation's activities is such that there may be litigation pending or in prospect at any time. No provision has been made for loss in these financial statements, as in management's opinion, there are no active claims which could have a material adverse effect on its financial position or result of operations.

19- TRUST ASSETS

	2007 $	2006 $
Deferred salary leave plan funds held in trusts	**145,644**	105,457

The Corporation administers trust accounts on behalf of employees in regards to its deferred salary leave plan. The deferred salary leave plan funds held in trusts are not included in the accompanying financial statements.

20 - ECONOMIC DEPENDENCE

The Corporation receives approximately 90% of its income from the Government of Yukon.

21 - COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

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YUKON HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2007

(audited)

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Yukon Housing Corporation

Management's Responsibility for Financial Statements

The financial statements contained in this annual report have been prepared by management in accordance with Canadian generally accepted accounting principles, and the integrity and objectivity of the data in these financial statements are management's responsibility.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act* as well as the *Housing Corporation Act* and the by-laws of the Corporation.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibility through the Financial Management Committee, which meets on a periodic basis with management and the independent external auditor to review the manner in which these groups are performing their responsibilities, and to discuss auditing, internal controls, and other relevant financial matters. The Financial Management Committee reviews the audited financial statements with the external auditor before making recommendations to the Board of Directors for their approval.

The Corporation's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and issuing a report which is included with the financial statements. The Auditor General of Canada provides her report to the Minister responsible for Yukon Housing Corporation.

Marc Tremblay
President

Glen Traverse
A/Director, Finance and Administration

August 15, 2007

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Yukon Housing Corporation

I have audited the balance sheet of the Yukon Housing Corporation as at March 31, 2007 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Housing Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Housing Corporation Act* and the by-laws of the Corporation.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
August 15, 2007

240 rue Sparks Street Ottawa Ontario K1A 0G6

Yukon Housing Corporation
Balance Sheet
as at March 31

	2007	2006
	In Thousands	
Assets		
Current		
Cash (Note 3)	$ 1,301	$ 5,103
Due from Canada Mortgage and Housing Corporation	415	871
Accounts receivable - other	524	569
Mortgages receivable - current portion (Note 4)	4,280	6,020
Housing held for sale (Note 5)	85	136
	6,605	12,699
Seniors' Housing Management Fund (Note 6)	2,530	2,050
Mortgages, agreements and loans receivable (Note 4)	33,551	32,737
Capital assets (Note 7)	23,168	24,426
	$ 65,854	$ 71,912
Liabilities		
Current		
Accounts payable	$ 1,687	$ 1,541
Due to Government of Yukon	280	323
Current portion of long-term debt (Note 8)	4,754	7,414
	6,721	9,278
Seniors' Housing Management Fund (Note 6)	2,530	2,050
Employee future benefits (Note 9)	453	441
Deferred Revenue from Canada Mortgage and Housing Corporation	1,704	2,358
Deferred capital funding (Note 10)	6,565	6,831
Long-term debt (Note 8)	37,647	38,838
	55,620	59,796
Equity		
Contributed surplus (Note 11)	10,234	12,116
	$ 65,854	$ 71,912

Commitments and contingencies (Note 14)

Approved by the Board of Directors

Director R.A. Steers Director

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Operations and Equity
Year ended March 31

	2007	2006
	In Thousands	
Revenues		
Recoveries - cost-shared agreements	$ 4,265	$ 4,630
Rental income	3,532	3,374
Interest income	1,956	2,043
Recoveries-CMHC Affordable Housing	875	2,625
	10,628	12,672
Expenses		
Program costs (Schedule)	5,138	4,932
Personnel	2,670	2,426
Amortization	1,910	2,375
Interest on long-term debt	1,663	1,781
Corporate Shared Services Costs	1,543	1,476
Affordable Housing Contribution Costs	875	2,625
Administration (Schedule)	577	552
	14,376	16,167
Net results of operations before government funding and other income	(3,748)	(3,495)
Other income		
Gain (loss) on sales of tangible assets	80	(14)
Net results of operations before government funding	(3,668)	(3,509)
Government of Yukon funding		
Operating grant	3,145	2,874
Amortization of Deferred Capital Funding	523	635
	3,668	3,509
Net results of operations	$ -	$ -
Contributed surplus, beginning of year	$ 12,116	$ 16,048
Contributed surplus (Note 11)	(1,882)	(3,932)
Contributed surplus, end of year	$ 10,234	$ 12,116

The accompanying notes and schedules are an integral part of these financial statements.

Yukon Housing Corporation
Statement of Cash Flows
Year ended March 31

	2007	2006
Operating activities		
Net results of operations after government funding	$ -	$ -
Adjustment for non-cash items		
Increase in employee future benefits	12	10
Amortization of capital assets	1,910	2,375
Increase (decrease) in deferred revenue	(1,067)	1,030
Amortization of deferred capital funding	(523)	(635)
Deferred capital funding	-	71
	332	2,851
Changes in non-cash components of working capital	(265)	983
Cash flows from operating activities	67	3,834
Investing activities		
Additions to housing projects	(593)	(700)
Additions to computer, furnishings and equipment and office building	(77)	(88)
Additions to mortgages and agreements receivable	(8,557)	(6,919)
Payment to Government of Yukon for net book value of disposed asset	18	-
Repayments of mortgages and agreements receivable	7,743	9,426
Cash flows from investing activities	(1,466)	1,719
Financing activities		
Repayment long-term debt	(1,191)	(1,300)
Reduction of contributed surplus account (Note 11)	(1,882)	(3,932)
Funding for the acquisition of capital assets	670	788
Cash flows used in financing activities	(2,403)	(4,444)
Increase (decrease) in cash	(3,802)	1,109
Cash at beginning of year	5,103	3,994
Cash at end of year	$ 1,301	$ 5,103

Supplemental Disclosure of Cash Flows Information

	2007	2006
Interest paid	$ 1,663	$ 1,781
Interest received	1,956	2,043

The accompanying notes and schedules are an integral part of these financial statements.

1. Authority and mission

Yukon Housing Corporation (the "Corporation") was established in 1972 by the *Housing Corporation Act* of the Yukon to undertake and assist in the provision, development, maintenance and management of housing.

The mission of the Corporation is to improve the quality of housing in the Yukon and help Yukoners resolve their housing needs.

In carrying out its mission, the Corporation provides low rental housing which generates operating losses. The Corporation also provides loans for the purpose of housing. The Corporation is dependent on the Government of Yukon for funding its operations.

Pursuant to Order-in-Council 1982 / 343, the Whitehorse Housing Authority (the Authority) was created and designated as an agent of the Corporation. The Authority operates, manages and administers social housing units in the City of Whitehorse on behalf of the Corporation.

Pursuant to Section 42 (2) of the *Housing Corporation Act,* the Corporation has established Housing Advisory Boards in the communities of Carcross, Carmacks, Dawson City, Faro, Haines Junction, Mayo, Ross River, Teslin and Watson Lake. Local Housing Advisory Boards are established for the purpose of involving local community members in the decision making process regarding housing in their community. They provide advisory, regulatory and adjudicative services to the Corporation.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies follow:

(a) Grant provided by Government of Yukon

The *Housing Corporation Act* authorizes the Government of Yukon to pay the Corporation an operating grant equal to the net loss from operations. The net loss from operations is equal to the net results of operations before government funding less the amortization of deferred capital funding, in the statement of operations. The portion of the funding used to purchase depreciable assets is recorded as deferred capital funding and amortized on the same basis and over the same periods as the related capital assets. Funding provided in excess of the operating grant is recorded as equity.

(b) Mortgages, agreements and loans receivable

Under the Home Repair Program, the Corporation may subsidize a debtor's repayment. These subsidies, reviewed annually, are based on the debtor's ability to pay. Mortgages receivable under the Home Repair Program are stated at estimated realizable value after providing allowances for payment subsidies.

Mortgages receivable under the Home Ownership Program are fully secured and are recorded at cost.

Mortgages receivable under the Rural and Native Housing Home Ownership Programs are stated at estimated realizable value. Under the Social Housing Agreement (SHA) signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation may be required to subsidize a debtor's repayment of a Rural and Native Housing Home Ownership mortgage; CMHC annual cost-shared funding provided to the Corporation includes an amount for subsidies.

Based on historical loss experience, management considers it necessary to establish an allowance for impaired loans. Loans are classified as impaired when: (1) the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due or (2) payments are 90 days or more in arrears, except in those cases where, in the opinion of management, there is justification to continue to accrue interest. Where appropriate, an impaired loan allowance has been established to adjust the loan carrying value to the net realizable amount.

Land sales agreements, which pertain to loans receivable from lots sold to purchasers for residential, commercial and recreational purposes, are recorded at cost.

(c) Housing held for sale

Housing held for sale includes houses repossessed under the Home Ownership Program and the Rural and Native Housing Home Ownership program. These houses are recorded at the lower of cost and net realizable value.

(d) Capital assets

Capital assets are valued at cost, net of contributions from outside agencies and accumulated amortization. Interest on loans during construction of capital assets is capitalized.

Amortization is calculated using the straight-line method, over the estimated useful lives of assets.

Social housing projects	35 years
Social housing betterment not financed by long-term debt	15 years
Staff housing projects and other facilities:	
Standard construction	35 years
Mobile home units	15 years
Office building	20 years
Other facilities	15 years
Furnishings and equipment	5 years
Computer systems	3 years

Assets under construction are not amortizated until available for use

(e) Deferred revenue

Deferred revenue are recognized as follows:

Funding provided by Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement for future housing related projects and losses on interest and mortgage guarantees will be recognized on a straight line basis over the remaining life of the agreement. Any CMHC funding not expended will be recognized as related future expenses are incurred.

(f) Employee future benefits

Employee future benefits - other non-pension benefit plans

Under the conditions of employment, employees of the Corporation qualify for and earn employment benefits for vacation, sick and compensatory leave, travel bonus and severance benefits. The benefit obligation was determined on an actuarial basis. The obligation was calculated using the projected benefit method prorated on service. The cost of these benefits is accrued as employees earned them. The valuation of the liability is based upon a current market- related discount rate and other actuarial assumptions, which represent managment's best long-term estimates of factors such as the annual rate of inflation. The excess of any net gain (loss) over 10% of the benefit obilgation is amortized over the average remaining service period of active employees. The average remaining service period of active employee covered by this plan is 6.8 years. (2006-7.8 years). These benefits represent the only obligation of the Corporation that entails settlement by future payment.

(f) Employee future benefits (continued)

Pensions

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost as employer. This amount is currently based on a multiple of the employees' required contributions, and may change over time depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

(g) Recoveries - cost-shared agreements

Under the Social Housing Agreement signed with Canada Mortgage and Housing Corporation (CMHC) in 1998, the Corporation has entered into cost-sharing agreements whereby operating deficits of certain housing projects are cost-shared with CMHC. The Corporation has also entered into cost-sharing agreements to share the operating deficits of certain housing projects with the City of Whitehorse.

(h) Mortgage interest recognition

Interest income on mortgages is recorded on an accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter interest income is recognized on a cash basis.

(i) Rental and funding income recognition

Income from rentals and funding from Canada Mortgage and Housing Corporation are recorded on an accrual basis.

(j) Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from these estimates. Estimates are used when accounting for matters such as impaired loans, allowances for payment subsidies for Home Repair Loans, amortization, employee future benefits and contingencies.

(k) Future Accounting Changes - Financial Instruments

In January 2005, the Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: Section 3855 Financial Instruments - Recognition and Measurement; Section 3865 Hedges; and Section 1530 Comprehensive Income. These sections are currently being assessed to determine the applicability and impact on the Corporation's financial statements. They must be adopted for fiscal years beginning on or after October 1, 2006.

The new requirements are as follows: Section 3855 - prescribes standards for recognizing and measuring financial instruments on the Balance Sheet and how related gains and losses are to be presented; Section 3865 - modifies the timing of recognizing gains and losses under Section 3855 to permit the matching of gains and losses in the Statement of Operations for financial instruments included in highly effective hedging transactions; and Section 1530 - introduces a new component of Shareholder's Equity and a new Statement of Comprehensive Income that will present certain gains and losses arising from the application of Sections 3855 and 3865, before they are transferred to the Statement of Operations. The Corporation will be required to record loans at fair value. Interest will be recognized using the effective rate method.

3. Cash

The Corporation has an operating demand overdraft facility with its banker of up to $11,000,000 at bank prime. At year-end, the bank prime rate was 6.00% (2006 - 5.50%). The overdraft facility is guaranteed by the Government of Yukon.

4. Mortgages, agreements and loans receivable

	Stated % interest rates	2007	2006
		In Thousands	
Mortgages Receivable			
Home Ownership	3.19 - 8.25	$ 22,054	$ 21,404
Loans with terms up to five years, secured by registered charges against real property, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest and with maturities up to 2011. Rural and Native Home Ownership mortgages receiving subsidies (see Note 2 b) at March 31, 2007 were $1,237,963 (March 31, 2006 - $1,505,943).			
Owner Build	0.00 - 5.87	2,190	2,162
Loans with terms up to five years, secured by registered charges against real property, at fixed rates of interest ranging from 0% to the full Home Ownership mortgage rate with maturities up to 2010.			
Repair & Upgrade	1.00 - 6.75	7,232	7,857
Loans with terms up to twelve years, secured by registered charges against real property or chattel mortgages, repayable in blended weekly, bi-weekly or monthly payments at fixed rates of interest with maturities up to 2016. Mortgages receiving subsidies and forgiveness at March 31, 2007 were $1,133,541(March 31, 2006 - $1,319,672).			
Energy Management	1.00 - 2.75	50	120
Loans with terms up to six years, secured by registered charges against real property or chattel mortgages, repayable in blended monthly payments at fixed rates of interest with maturities up to 2011.			
Housing Industry Loans	1.90 - 6.50	1,776	1,476
Loans with terms up to 18 years, secured by registered charges against real property or general security agreements, repayable in blended monthly payments at fixed rates of interest with maturities up to 2022.			

	Stated % interest rates	2007	2006
		In Thousands	
Subtotal mortgages receivable		$ 33,302	$ 33,019
Less: Allowance for future payment subsidies for Home Repair loans		1,146	1,244
Less: Allowance for impaired loans		115	89
Total mortgages receivable		32,041	31,686
Land sales agreements receivable	4.75 - 7.00	5,790	7,071
Loans on residential, commercial and recreational lots, repayable in blended annual payments at fixed rates of interest with maturities up to 2011.			
Total mortgages, agreements and loans receivable		37,831	38,757
Less: Current portion		4,280	6,020
		$ 33,551	$ 32,737

These investments earn interest at the following weighted average rates:

	2007	2006
Mortgages receivable	4.70%	4.84%
Land sales agreements receivable	6.57%	5.33%

5. Housing held for sale

	2007	2006
	In Thousands	
Other housing inventory	85	136
	$ 85	$ 136

6. Seniors' Housing Management Fund

The Seniors' Housing Management Fund was established under section 7 of the *Housing Corporation Act* to provide for the future housing needs of Yukon's seniors. The Government of Yukon approved the establishment of the Fund in October 2000.

The Fund receives Government of Yukon funding through an annual appropriation and an appropriation equal to interest revenue generated by the Corporation's Green Mortgage Program and interest revenue earned on monies held within the Fund. The Corporation has not yet secured Government of Yukon approval on the parameters for the operation of the fund; there have been no payments made out of the Fund.

Changes in the Seniors' Housing Management Fund are as follows:	2007	2006
	In Thousands	
Balance at beginning of year	$ 2,050	$ 1,684
Government of Yukon annual appropriation	100	100
Government of Yukon appropriation equal to interest revenue earned on Green Mortgage Program	289	213
Interest revenue earned on monies held within the Fund	91	53
Balance at end of year	$ 2,530	$ 2,050

7. Capital assets

			2007	2006
			In Thousands	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Social housing	$ 32,662	$ 19,528	$ 13,134	$ 14,380
Staff housing	13,407	6,529	6,878	7,241
Office building	1,881	678	1,203	1,258
Land	1,451	-	1,451	1,451
Other facilities	769	742	27	39
Furnishings and equipment	103	70	33	30
Computer systems	89	60	29	27
Construction in progress	413	-	413	-
	$ 50,775	$ 27,607	$ 23,168	$ 24,426

Canada Mortgage and Housing Corporation (CMHC) funding (pursuant to the Social Housing Agreement) used to purchase capital assets is deducted from the cost of the asset. CMHC funding allocated to capital assets during 2007 was $250,000 (2006 - $400,000).

Construction in progress is a seniors' residential project in Haines Junction, Yukon with an expected completion date November 2007 and projected cost of $1.8 million.

During the year certain capital assets were deemed to be impaired and were written down by $9,589 (2006 - 25,857).

8. Long-term debt

	Stated % interest rates	2007	2006
		In Thousands	
Mortgages payable (guaranteed by the Government of Yukon)	4.32 - 12.50	$ 16,683	$ 17,762
Loans with a variety of terms, secured by fixed charges against housing projects, repayable in blended monthly payments at fixed rates of interest and with maturities up to 2029.			
CMHC loans (guaranteed by the Government of Yukon)	5.00 - 13.50	3,755	3,985
Loans repayable in blended annual payments at fixed rates of interest to maturity, and with maturities up to 2028			
Loans payable - Government of Yukon	0.00	15,909	17,130
Repayable without interest in periodic installments to 2027.			
Land sales agreements due to Government of Yukon	0.00	6,054	7,375
Repayable without interest in equal periodic installments to 2012.			
Total long-term debt		42,401	46,252
Less: Current portion		4,754	7,414
		$ 37,647	$ 38,838

The mortgages and loans payable bear interest at the following weighted average interest rates:

	2007	2006
Mortgages payable	8.11%	8.03%
CMHC loans	8.74%	8.76%

Principal repayments required over the next five years are as follows:

	CMHC Loans	Mortgages	Government of Yukon Loans	Land Sales Agreements	Total
		In Thousands			
2008	251	$ 1,011	$ 619	$ 2,873	$ 4,754
2009	275	1,078	619	841	2,813
2010	301	1,152	619	876	2,948
2011	305	1,254	619	844	3,022
2012	233	1,364	619	636	2,852

9. Employee future benefits

Other non-pension benefit plans

The Corporation provides non-pension benefits to its employees based on years of service and salary. Employee future benefits are a defined benefit plan and are not funded. There are no assets resulting in a plan deficit equal to the accrued benefit obligation. Benefits will be paid from future appropriations or others sources of revenue. The results measured at the balance sheet date are summarized as follows:

	2007	2006
	In Thousands	
Accrued benefit liability, beginning of year	$ 564	$ 547
Add: Cost for the year	130	94
Less: Benefits paid by Yukon Housing	(14)	(22)
Unamortized experience gains	(47)	(55)
Accrued benefit liability, end of year	$ 633	$ 564
Accrued Benefits Liability Payable		
Short-term portion, included in accounts payable	$ 180	$ 123
Long term portion	453	441
	$ 633	$ 564

The significant actuarial assumptions were:

	2007	2006
Discount rate	5.75%	5.75%
Salary	2.50%	3.00%
Annual rate of inflation	2.30%	2.20%

The most recent actuarial valuation made for these non-pensions benefit plans was as of March 31, 2006. The next required valuation would be as of March 31, 2009.

Pensions

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	2007	2006
Employer's contribution	$ 227	$ 188
Employees' contribution	117	103

10. Deferred capital funding

Deferred capital funding represents the unamortized portion of Government of Yukon funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:	2007	2006
	In Thousands	
Balance at beginning of year	$ 6,831	$ 6,763
Add: Funding used to purchase depreciable capital assets: Government of Yukon	257	788
Non Cash Contribution (building) Government of Yukon	-	151
Less: Amortization of capital assets and related writedowns	(523)	(871)
Balance at end of year	$ 6,565	$ 6,831

11. Contributed surplus

Contributed surplus represents series of payments by the Government of Yukon, to the Corporation in addition to the annual budget allocation for operational purposes.

	2007	2006
	In Thousands	
Balance at beginning of year	$ 12,116	$ 16,048
Cash advances from Government of Yukon	2,000	-
Operating grant	(3,145)	(2,874)
Funding used to purchase capital assets (Note 10)	(257)	(788)
Funding invested in Seniors' Housing Management Fund	(480)	(366)
Capital funding disposals and writedowns	-	96
	$ (1,882)	$ (3,932)
Balance at end of year	$ 10,234	$ 12,116

12. Financial instruments

The fair values of the financial instruments were determined using the present value of future cash flows discounted at the March 31, 2007 average market rate for mortgages and loans with similar maturities.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are non-interest bearing and have fair values that approximate their carrying amount due to their short term to maturity.

The carrying amount and estimated fair values of the financial instruments are as follows:

	2007		2006	
	In Thousands			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term investments				
Mortgages receivable net of allowances for payment subsidies on Home Repair loans and loan impairments	$ 32,041	$ 32,207	$ 31,686	$ 32,191
Land sales agreements receivable	5,790	5,052	7,071	6,388
	$ 37,831	$ 37,259	$ 38,757	$ 38,579
Long-term debt				
Mortgages payable	$ 16,683	$ 16,815	$ 17,762	$ 18,916
CMHC loans	3,755	4,128	3,985	4,291
Loans payable - Government of Yukon	15,909	6,884	17,130	7,546
Land sales agreements due to Government of Yukon	6,054	5,317	7,375	6,693
	$ 42,401	$ 33,144	$ 46,252	$ 37,446

These financial instruments do not have active markets and are thus based on management's best estimates.

The balances in Due from Canada Mortgage and Housing Corporation, Accounts receivable - other, Accounts payable and Due to Government of Yukon are the result of transactions incurred in the normal course of business and have no significant credit risks.

Until settled, the fair value of mortgages, agreements and loans receivable will fluctuate based on changes in interest rates. Management believes that unrealized losses are short term in nature and the carrying amount of mortgages, agreements and loans receivable will be fully recovered. In the event there are any unrealized gains and losses on these financial instruments, they will be included in the statement of operations when realized.

13. Related party transactions

The Corporation is related in terms of common ownership to all Government of Yukon departments, corporations and agencies. In addition to those related party transactions, disclosed elsewhere in these financial statements, the Corporation enters into transactions with related entities in the normal course of business.

a) Shared services costs
The Corporation is party to a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of Yukon to the Corporation for shared services for the year 2007 was $1,543,456 (2006- $1,476,468). These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

b) Other transactions
The value of services provided without charge by the Government of Yukon to the Corporation is estimated in 2007 to be $14,175 . This amount has been included in the Statement of Operations and Equity under Recoveries-cost-shared agreements. The value of services provided without charge by the Corporation to the Government of Yukon for 2007 is estimated to be $39,098. This amount has been included in the Statement of Operations and Equity under Office and sundry in the Schedule of Program Costs and Administrative Expenses. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The employees of the Corporation are paid by the Government of Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

c) Future transactions
In fiscal year 2007/08, the Government of Yukon made a decision to transfer ownership of 48 new Seniors' Social Housing units constructed as part of the Athletes' Village in Whitehorse for consideration of $1.00, at a cost of $20.7 million, to the Yukon Housing Corporation.

14. Commitments and contingencies

	2007	2006
	In Thousands	
Outstanding contractual obligations to complete the funding of mortgages receivable as at March 31.	$ 1,702	$ 1,253
Payment to Government of Yukon for a Canada Games building	-	875
Subsidies to private social housing organizations	425	428

Pursuant to a Supreme Court of the Yukon Territory court order, the Corporation was appointed Receiver/Manager of an independent third party entity the Whitehorse Housing Co-operative Association Limited effective December 9, 2003.

Pursuant to an agreement signed with Canada Mortgage and Housing Corporation in 1998, the Corporation is liable for a mortgage payable by the Whitehorse Housing Co-operative in 2007 for $1,185,000 (2006-$1,259,000) if it goes into default. Management believes that the Corporation will be able to repay the mortgage in full through the sale of the houses (against which the mortgage is made) in the event of default.

The Corporation purchases insurance for all capital assets that are quadruplexes and larger. This accounts for 291 out of 655 units in total with a net book value of $9,920,210. The balance of units are self insured with the Government of Yukon.

In the normal course of operations, the Corporation is subject to legal claims and possible claims and no provision for any claim is included in these financial statements.

15. Government of Yukon transfer payments

The following table reconciles funding provided by the Government of Yukon as shown in these financial statements to that recorded by the Government in its Public Accounts.

	2007	2006
	In Thousands	
Government of Yukon - Operations and Maintenance transfer payment		
Net results of operations before government funding	$ 3,668	$ 3,509
Less amortization	(1,910)	(2,375)
Less Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	(72)	(285)
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation (equal to interest earned on Green Mortgage Program and monies held within the fund)	380	266
Add Deferred Revenue C.M.H.C. Affordable Housing	-	149
Add Government of Yukon non cash contribution (Land)	-	73
Government of Yukon - Operations and Maintenance transfer payment	$ 2,066	$ 1,337
Government of Yukon - Capital transfer payment		
Program costs - Other		
Home Repair mortgage provision for payment subsidies expense	72	285
Add Seniors' Housing Management Fund investment - Government of Yukon appropriation	100	100
Add funding provided to repay principal portion of long term debt	1,488	1,097
Add funding provided to purchase depreciable capital assets (Note 10 and 11)	257	788
Less Net Book Value of disposed assets	(19)	(236)
Government of Yukon - Capital transfer payment	$ 1,898	$ 2,034

16. Bad debts write-offs

There were no bad debts written off during the year ended March 31, 2007. Bad debts written off during the past four years are as follows:

Year	Amount
2006	164,347
2005	10,845
2004	58,664
2003	27,487
	261,343

17. Comparative figures

Certain comparative figures for 2006 have been reclassified to conform with the 2007 presentation.

Yukon Housing Corporation
Schedule of Program Costs and Administration Expenses
Year ended March 31, 2007

	2007	2006
	In Thousands	
Program costs		
Housing operations		
General maintenance	1,893	1,764
Utilities	1,516	1,339
Property taxes	521	492
Subsidies - Private social housing organizations	408	347
Direct lending program administration	169	223
Garbage collection and janitorial	146	164
Insurance	144	135
Property rentals	145	125
Housing program administration	30	25
Bad debts - housing operations including rental tenants	94	33
	5,066	4,647
Other		
Home Repair mortgage provision for payment subsidies expense	72	285
	$ 5,138	$ 4,932

	2007	2006
Administration expenses		
Rentals - office and equipment	$ 195	$ 195
Professional fees	39	21
Travel and transportation	101	105
Communications	75	73
Office and sundry	79	102
Boards and committees	51	35
Program promotion	37	21
	$ 577	$ 552

YUKON DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

December 31, 2006

(audited)

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Yukon
Development
Corporation

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Yukon Development Corporation are the responsibility of management, and have been prepared in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates and approximations, which have been made using careful judgement. In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized in the consolidated financial statements.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, the careful selection and training of qualified personnel, and an organizational structure that provides for the appropriate delegation of authority and segregation of responsibilities.

The financial statements have been examined by an independent external auditor. The external auditor's responsibility is to express an opinion on whether the consolidated financial statements, in all material respects, fairly present the Corporation's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. In addition, the external auditor reports on whether proper books of account have been kept by the Corporation, the consolidated financial statements are in agreement therewith, and transactions, in all significant respects, are in accordance with the *Financial Administration Act* as applicable, the *Yukon Development Corporation Act* and the bylaws of the Corporation and its wholly-owned subsidiaries. The Auditor's Report, which follows, outlines the scope of this examination and the auditor's opinion.

The Corporation's Board of Directors, through its Audit and Finance Committee, oversees management's responsibilities for financial reporting. The Audit and Finance Committee meets with management and the independent external auditor to discuss auditing and financial matters, to gain assurance that management is carrying out its responsibilities and to review and approve the consolidated financial statements. The auditor has full and free access to the Audit and Finance Committee, with and without the presence of management.

	Blaine D Anderson
David Morrison	Blaine Anderson, C.A.
Chief Executive Officer	Chief Financial Officer

Whitehorse, Yukon
April 19, 2007

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister Responsible for the Yukon Development Corporation

I have audited the consolidated balance sheet of the Yukon Development Corporation as at December 31, 2006 and the consolidated statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Yukon Development Corporation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and by its wholly-owned subsidiary and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiary that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Yukon Development Corporation Act* and regulations, and the bylaws of the Corporation and its wholly-owned subsidiary.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
April 19, 2007, except as to Note 23 which is as of April 30, 2007

240 rue Sparks Street Ottawa Ontario K1A 0G6

Yukon Development Corporation

Consolidated Balance Sheet

As at December 31, (in thousands of dollars)	2006	2005
Assets		
Current assets		
Cash and cash equivalents (note 4)	$ 8,476	$ 8,108
Accounts receivable (note 5)	4,148	4,154
Materials and supplies	2,039	2,099
Prepaid expenses	181	218
Current portion of investment (note 6)	475	419
	15,319	14,998
Restricted cash	-	2,617
Trust assets (note 7)	704	679
Investments (note 6)	2,600	3,075
Property, plant and equipment (note 8)	151,612	151,565
Diesel contingency fund (note 9)	821	791
Deferred uninsured losses (note 15)	500	-
Deferred charges (note 10)	9,326	8,298
	$ 180,882	$ 182,023
Liabilities		
Current liabilities		
Accounts payable	$ 3,891	$ 3,480
Current portion of long-term debt (note 14)	1,911	1,748
Regulatory liabilities (note 11)	1,483	1,775
	7,285	7,003
Long-term pension liability	560	360
Deferred revenue (note 12)	7,499	10,406
Trust liabilities	704	679
Long-term debt (note 14)	19,179	21,052
Deferred uninsured losses (note 15)	-	33
Contributions in aid of construction (note 16)	6,086	5,552
Regulatory provision for future removal and site restoration costs	5,083	5,618
Diesel contingency fund (note 9)	821	791
	47,217	51,494
Equity		
Contributed capital	41,501	41,501
Retained earnings	92,164	89,028
	133,665	130,529
	$ 180,882	$ 182,023

Contingencies and Commitments (notes 18 and 19)

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Chair

Director

Yukon Development Corporation

Consolidated Statement of Operations

For the year ended December 31, (in thousands of dollars)	**2006**	2005
Revenue		
Sales of Power	$ 27,096	$ 25,940
Interest income	428	236
Finance income	364	414
Other income	262	371
Contribution - Canada	-	288
Contribution - Yukon	-	141
	28,150	27,390
Expenses		
Administration	7,356	8,813
Operations and maintenance	5,375	4,879
Depreciation of property, plant and equipment	4,736	4,959
Interest on long-term debt	1,443	1,349
Amortization of deferred charges and water licensing costs	1,109	900
Programs	470	558
Provision for uninsured losses (note 15)	100	100
	20,589	21,558
Net income before rate stabilization and gains/losses	**7,561**	5,832
Gain on settlement of debt	**-**	**16,978**
Rate stabilization (note 19)	**(4,420)**	(3,658)
Loss on disposition of assets	**(5)**	(59)
Net income	**$ 3,136**	$ 19,093

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Retained Earnings

For the year ended December 31, (in thousands of dollars)	2006	2005
Retained earnings, beginning of year As previously reported	$ 89,028	$ 69,935
Net income	3,136	19,093
Retained earnings, end of year	$ 92,164	$ 89,028

The accompanying notes are an integral part of the financial statements.

Yukon Development Corporation

Consolidated Statement of Cash Flows

For the year ended December 31, (in thousands of dollars)	**2006**	2005
Cash flows from		
Operating activities		
Cash receipts from customers	$ 24,457	$ 26,736
Cash paid to employees and suppliers	(19,441)	(20,589)
Interest paid	(1,443)	(1,349)
Interest received	792	650
	4,365	5,448
Financing activities		
Decrease in restricted cash	2,617	73
New long-term debt obtained	-	10,711
Repayment of long-term debt	(1,711)	(12,153)
Increase in trust assets	(25)	(16)
Increase in trust liabilities	25	16
	906	(1,369)
Investing activities		
Property and equipment purchased	(4,254)	(3,718)
Proceeds from disposition of investments	419	377
Payments related to regulatory provisions	(1,068)	691
	(4,903)	(2,650)
Net increase in cash and cash equivalents	**368**	1,429
Cash and cash equivalents, beginning of year	**8,108**	6,679
Cash and cash equivalents, end of year	**$ 8,476**	$ 8,108

The accompanying notes are an integral part of the financial statements.

1. Authority, objectives and operations

Yukon Development Corporation (the "Corporation") was originally established under the *Yukon Development Corporation Act* to participate with the private sector in the economic development of the Yukon, to make strategic investments to the benefit of the territory and to acquire and operate the assets of Northern Canada Power Commission (NCPC) in the Yukon.

In 1993, the Corporation's mandate was changed to restrict its new initiatives to energy-related activities designed to promote the economic development of the Yukon.

The Corporation's wholly-owned subsidiary, Yukon Energy Corporation (the "Utility") was incorporated under the *Yukon Business Corporations Act*. Yukon Energy Corporation generates, transmits, distributes and sells electrical energy in the Yukon and is subject to overall regulation by the Yukon Utilities Board (YUB) and specific regulation by the Yukon Territory Water Board. Both of these boards are independent from the Utility.

Yukon Energy Corporation is exempt from the Financial Administration Act (Yukon).

Rate Regulation

The Corporation's subsidiary, Yukon Energy Corporation, is regulated by the YUB pursuant to the *Public Utilities Act (Yukon)*. There is no minimum requirement for the Utility to appear before the YUB to review rates. However, the Utility is not permitted to charge any rate for the supply of power that is not approved by an Order of the YUB. The Utility is subject to a cost of service regulatory mechanism under which the YUB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment or rate base. Whereas actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The regulatory hearing process used to establish or change rates typically begins when the Utility makes an application for its proposed electricity rate changes over the next one or two forecast years. The YUB must ensure that its decision, which fixes electricity rates, complies with appropriate principals of rate making, all relevant legislation including the *Public Utilities Act* and directives issued by the Yukon Government through Orders-In-Council that specify how the interests of the customer and Utility are to be balanced.

The YUB typically follows a two-stage decision process. In the first stage, the total costs that the Utility will incur to provide electricity to its customers over the immediate future are approved. The approval of these costs determines the total revenues the Utility is allowed to collect from its customers. It is the responsibility of the YUB to examine the legitimacy of three classes of costs:

- the costs to the Utility to run its operations and maintain its equipment (personnel and materials);
- the cost associated with the amortization of all capital equipment; and
- the return on rate base (the costs related to borrowing that portion of rate base which is financed with debt, and the costs to provide a reasonable rate of return on that portion of rate base which is financed with equity).

As well, in the first stage, the YUB reviews the addition of costs to rate base and assesses these costs to ensure they are prudent.

In the second stage, the YUB approves how the revenue will be raised. This stage essentially determines the electricity rates for the various customer classes in the Yukon: residential, government, commercial and industrial. This process is guided mainly by requirements of Yukon Government Order-in Council 1995/90 and can include a cost-of-service study which allocates the overall Utility's cost of service to the various customer classes on the basis of appropriate costing principles.

1. Authority, objectives and operations - continued

Rate Regulation - continued

Normally, the Utility applies for rates in advance of the applicable years. The last rate application was for the 2005 year. Interim hearings may be used between rate applications to deal with unforeseen circumstances which could result in the use of interim rates or riders until the next rate application when rates are reviewed and set as final.

Water Regulation

The Yukon Territory Water Board pursuant to the *Yukon Waters Act* decides if and for how long the Utility will have a water license for the purposes of operating hydro generation stations in the Yukon. The licenses will also indicate terms and conditions for the operation of these facilities.

2. Significant accounting policies

Financial statement presentation

The consolidated financial statements of Yukon Development Corporation have been prepared by management and conform to Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of Yukon Development Corporation and its wholly-owned subsidiary, Yukon Energy Corporation. The consolidated financial statements reflect Canadian generally accepted accounting principles and practices of regulatory bodies. The regulatory accounting policies adopted may differ from the accounting policies otherwise expected using GAAP. In particular, the timing of the recognition of certain assets, liabilities, revenues and expenses as a result of regulation may differ from that of a non-regulated enterprise. Impacts of accounting for rate regulated operations are further described in Note 3. All significant inter-company transactions and balances have been eliminated on consolidation. Consequently, the significant accounting principles have been classified accordingly in the notes below:

Rate regulated accounting policies

Property, plant and equipment

The Utility capitalizes an allowance for funds used during construction ("AFUDC") at the weighted average cost of capital. Upon retirement or disposal, any gain or loss is charged to income in the current year for assets depreciated on an individual basis, or charged to accumulated depreciation for assets depreciated on a pooled basis.

Regulatory liabilities

Regulatory liabilities represent amounts ordered by the YUB to be held by the Utility on behalf of ratepayers. Typically these amounts are either refunded to the customers or applied to ratepayer deficits through the rate setting process.

Deferred uninsured losses

As a means of self-insurance, the Utility provides for uninsured losses. An annual provision is approved by the YUB and collected through customer rates. Variances between the approved annual provision and actual costs incurred are deferred until the following general rate application or until a specific application is made to the YUB requesting recovery from or refund to customers.

2. Significant accounting policies - continued

Rate regulated accounting policies - continued

Deferred charges
Deferred charges are recorded at cost less accumulated amortization. Cost of feasibility studies and infrastructure planning are amortized on a straight-line basis over five years. Regulatory hearing costs are amortized on a straight-line basis over three years. Other deferred charges are amortized to earnings on a straight-line basis over various terms approved by the YUB.

Regulatory provision for future removal and site restoration costs
The Utility maintains a provision for the future removal of property, plant and equipment and the costs of site restoration related to those assets. Per YUB Order 2005-12 no additional provision is permitted. This account provides for the costs of demolishing, dismantling, tearing down, or otherwise disposing of an asset and any site restoration costs, net of actual recoveries. This account is not used when the costs relate to an asset retirement obligation.

Deferred revenue
Deferred revenue represents a gain on fire insurance proceeds received related to a fire at the Whitehorse Rapids Generating Station in 1997. The gain is being amortized to income at the same rate as the replacement assets.

Diesel contingency fund
The Utility maintains a trust asset and an offsetting trust liability on behalf of ratepayers. The trust is used to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand. The Utility is required to file an annual report with the YUB on the fund's activity.

Generally accepted accounting principles ("GAAP")

The following policies adopted by the Corporation are in accordance with Canadian generally accepted accounting principles.

Cash equivalents
Cash equivalents represent short-term highly liquid investments and are carried at cost.

Revenue recognition
All revenues are recognized in the period earned. Revenue from the sale of power is recognized based on cyclical meter readings. Sales of power includes an accrual for electricity deliveries not yet billed.

Materials and supplies
Materials and supplies and diesel fuel are recorded at average cost. Obsolete materials and supplies are recorded at salvage value in the period when obsolescence is determined.

2. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Property, plant and equipment

Property, plant and equipment is stated at cost which includes materials, direct labour, a proportionate share of directly attributable administration overhead, and finance charges capitalized during construction, less accumulated amortization. Amortization is based on the straight-line method over the estimated economic life of the assets as follows:

Generation	
Hydro-electric plants	30 to 65 years
Diesel plants	25 to 45 years
Wind turbines	30 years
Transmission	40 to 50 years
Distribution	25 to 40 years
Buildings	20 to 40 years
Financial Information System	5 to 10 years
Transportation	9 to 31 years
Other equipment	5 to 20 years

Asset retirement obligations

On an annual basis the Utility identifies legal obligations associated with the retirement of tangible long-lived assets. Where a reasonable estimate of the fair value of these obligations can be determined, the total retirement costs are to be recorded as a liability at fair value, with a corresponding increase to property, plant and equipment.

The Utility has determined that it has tangible long lived assets with associated future legal obligations for retirement. As the Utility anticipates using the assets for an indefinite period, the date of removal of these assets cannot be reasonably determined, and therefore an asset retirement obligation has not been recorded. When the timing and amount of the retirement can be reasonably estimated, an asset retirement obligation and the corresponding increase in property, plant and equipment asset will be recognized.

Effective January 1, 2006, the Utility retroactively adopted the Canadian Institute of Chartered Accountant's ("CICA") Emerging Issues Abstract regarding conditional asset retirement obligations. This abstract requires an entity to record a liability for an asset retirement obligation where the timing and/or method of settlement are conditional upon the occurrence of a future event that may or may not be within the control of the entity. Adoption of this abstract had no effect on the financial statements for the year ended December 31, 2006.

Investments

Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

Derivative financial instruments

The Corporation enters into interest rate swaps in order to reduce the impact of fluctuating interest rates on its long-term debt. The Corporation's policy is not to utilize derivative financial instruments for trading or speculative purposes. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based.

The Corporation does not apply hedge accounting to its derivatives. Derivatives are recognized on the balance sheet upon issuance, and removed from the balance sheet when they expire or are terminated.

2. Significant accounting policies - continued

Generally accepted accounting principles ("GAAP") - continued

Derivative financial instruments - continued

Both on initial recognition and subsequently, each derivative is recognized as either an asset or a liability on the balance sheet at its fair value. Derivatives with a positive fair value are reported as derivative related amounts as a component of total assets. Derivatives with a negative fair value are reported as derivative related amounts as a component of liabilities. The change in the fair value of derivatives is recognized in income in the period in which it occurs. Management's intention is to hold derivatives to maturity resulting in the cumulative unrealized gains and losses on individual derivative instruments netting to zero over the life of the instrument.

Contributions in aid of construction

Certain property, plant and equipment additions are made with the assistance of cash contributions from customers. These contributions are amortized to income on the same basis as the assets to which they relate. Amortization of contributions from customers is netted on the statement of income against amortization expense.

Deferred water licensing costs

Costs related to obtaining water license renewals are deferred and amortized to earnings on a straight-line basis over the term of the license. The Utility operates its hydro generation facilities under three separate water licenses, with terms ranging from 17 to 25 years.

Employee pension plan

The Utility has a defined benefit pension plan which provides for pensions based on length of service and final average earnings. The cost of pension benefits is actuarially determined using the projected benefits method, prorated on service, and reflects management's best estimates of investment returns, wage and salary increases, and age at retirement. Adjustments resulting from plan enhancements, actuarial gains and losses, and changes in assumptions are amortized over the expected average remaining service period of active employees. Pension costs include the current cost of service and amortization of past service benefits and plan enhancements, and actuarial gains and losses. Amortization is on a straight-line basis over the expected average remaining service period of active employees, which is currently 14 years. The transitional asset that arose when this policy was first applied is amortized over the average remaining service period of active employees expected to receive benefits under the benefit plan as of January 1, 2000. The expected return on plan assets is based on the fair value of these assets.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. This mainly affects revenue, accounts receivable, property, plant and equipment, asset retirement obligations and employee pension obligations. Actual results could differ by a significant amount from these estimates. Management's estimates and assumptions, especially those affecting the reported amounts of assets and the Utility's ability to recover the cost of these assets through future rates, are subject to decisions of the YUB as described in note 3.

3. Financial statement effects of rate regulation

Certain items in these consolidated financial statements are accounted for differently than they would be in the absence of rate regulation.

Where regulatory decisions dictate, the Utility defers certain costs or revenues as assets or liabilities on the balance sheet and records them as expenses or revenues in the statement of income as it collects or refunds amounts through future customer rates. Any adjustments to these deferred amounts are recognized in earnings in the period that the YUB renders a subsequent decision.

Regulatory assets represent future revenues associated with certain costs, incurred in the current period or in prior periods, which are expected to be recovered from customers in future periods through the rate-setting process. Regulatory liabilities represent future reductions or limitations of increases in revenues associated with amounts that are expected to be refunded to customers as a result of the rate-setting process.

The following describes each of the circumstances in which rate regulation affects the accounting for a transaction or event:

	2006	2005	Expected remaining recovery/ settlement (years)	For 2006 In the absence of Rate Regulation the Utility's Net Income would have increased (decreased) by:
Regulatory assets				
Deferred charges (note 10), **net book value**				
Feasibility studies	$ 2,999	$ 1,498	2 to 5	$ (1,501)
Downsizing costs	71	119	2	48
Hearing costs	311	622	1	311
Dam safety review	49	89	2 to 4	40
Diesel contingency fund (note 9)	821	791	Indeterminate	(30)
	4,251	3,119		(1,132)
Regulatory liabilities:				
Faro Mine dewatering deferral revenue (note 11)	1,483	1,775	Indeterminate	(292)
Deferred gain on fire insurance proceeds (note 12)	7,499	7,789	29	(290)
Deferred uninsured losses (note 15)	(500)	33	Indeterminate	(533)
Regulatory provision for future removal and site restoration costs	5,083	5,618	Indeterminate	(535)
Diesel contingency fund (note 9)	821	791	Indeterminate	30
	14,386	16,006		(1,620)
Net impact	$ (10,135)	$ (12,887)		$ (2,752)

Regulatory assets

(a) Deferred charges

Deferred charges represent costs which have been deferred and are being amortized over various periods. In the absence of rate regulation, GAAP would require such costs to be recognized as expenses in the year incurred.

3. Financial statement effects of rate regulation - continued

Feasibility studies
The costs of determining the feasibility of future capital projects that did not result in a capital project are deferred and amortized over five years as approved in the Utility's 1991/92 General Rate Application and re-confirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2006 would have been $1,501,000 higher (2005 - $632,000 higher expenses).

Downsizing costs
Costs incurred to assist in downsizing the Utility's workforce are capitalized and amortized to expense over seven years as approved in the Utility's 1993/94 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2006 would have been $48,000 lower (2005 - $48,000 lower expenses).

Hearing costs
These costs are associated with the YUB regulatory proceedings that were held in 2005. The costs consist primarily of legal and consulting costs incurred by the Utility, and reimbursement of YUB and intervenor costs. YUB Order 2005-12 directed the Utility to defer and amortize the approved hearing costs of $933,000 over 3 years commencing January 1, 2005. In the absence of rate regulation, expenses in 2006 would have been $311,000 lower (2005 - $297,000 higher expenses).

Dam safety review
The Utility has a program of conducting reviews of the safety of its dams in accordance with standards set by the Canadian Dam Association. External consultants are hired every five years with intermittent costs incurred in the interim periods. These costs are amortized over five years as approved by the Utility's 1991/92 General Rate Application and reconfirmed in YUB Order 2005-12. In the absence of rate regulation, expenses in 2006 would have been $40,000 lower (2005 - $63,000 higher expenses).

(b) Diesel contigency fund
The Diesel contingency fund ("DCF") was established by YUB Order 1996-6 through the Negotiated Settlement process. The DCF is administered by the Utility on behalf of the YUB, and as such is recorded as a trust asset and a trust liability. The DCF attracts interest based upon short-term bond rates in which the Utility invests the funds held in trust. Any negative balance attracts interest at the lowest short-term borrowing rate available to the Utility through its line of credit. Pursuant to YUB Order 1996-6, the Utility from time to time is required to transfer amounts to or from the trust it maintains on behalf of ratepayers to reimburse the Utility for costs associated with diesel generation required when there is not sufficient water for hydraulic generation to meet demand. In the absence of regulation, GAAP would have required the amounts transferred to and from the DCF, and any interest earned or incurred to be included in the Utility's net income in the year in which they occurred. In the absence of rate regulation, the Utility's net income in 2006 would have been higher by $30,000 from interest earned on the DCF (2005 - $19,000 higher net income).

Regulatory liabilities

(c) Faro Mine dewatering deferral revenue
As directed by YUB Order 1998-5, all revenues, less any incremental costs to provide the service, collected from the Faro Mine under Rate Schedule 34 (Faro Mine Firm Shutdown Power) prior to December 31, 2004, were deferred for the benefit of ratepayers pending direction from the YUB. YUB Order 2005-12 confirmed that effective January 1, 2005 the Faro minesite would be charged the General Service-Government rate so there will be no further increases to Faro Mine dewatering account. This order also enables the Utility to draw down on the Faro Mine dewatering revenue to fund its approved revenue shortfall. YUB Order 2006-4 set the approved 2006 revenue shortfall at $292,000. In the absence of rate regulation, GAAP would have required only the recognition of actual sales earned during the year.

3. **Financial statement effects of rate regulation - continued**

(c) Faro Mine dewatering deferral revenue - continued

As a result, the Utility's sales of power in 2006 would have been $292,000 lower (2005 - $292,000 lower). The period over which the remaining liability will be recognized as revenue for the benefit of ratepayers is dependent on future YUB Board orders and, therefore, cannot be estimated.

(d) Deferred gain on fire insurance proceeds

The deferred gain on fire insurance proceeds relates to a fire at the Whitehorse Rapids Generating Station in 1997 which, pursuant to Board Order 2000-3, is being amortized to income at the same rate as the replacement assets. In the absence of rate regulation, GAAP would have required the gain to have been completely recognized as income in the year received. As a result, the Utility's current year net income would have been lower by the amount of the amortization of $270,000 (2005 - $270,000 lower).

(e) Deferred uninsured losses

The YUB has approved the use of a provision for uninsured damages and injuries as a means of self-insurance. The provision is maintained through an annual provision approved by the YUB. In order to eliminate the deficit rate payers held as a result of uninsured losses, the Utility was directed by YUB Order 2005-12 to transfer the insurance proceeds being held on behalf of rate payers of $744,000 to the provision for uninsured loss, and increase the annual charge from $50,000 to $100,000 for the years 2005 to 2007. In the absence of rate regulation, GAAP would require costs to be expensed as incurred and, therefore, expenses in 2006 would have been higher by $533,000 (2005 - $86,000 lower). The period over which the provision will be recovered is dependent on the magnitude of future actual losses incurred and cannot be estimated.

(f) Regulatory provision for future removal and site restoration costs

Pursuant to depreciation rates approved by the YUB in the Utility's previous general rate applications, under section 23(1)(b) of the Public Utilities Act, the Utility has maintained a provision for future removal and site restoration costs. As a result of the YUB Order 2005-12, effective January 1 2005, the Utility is required to maintain this provision as a regulatory provision in addition to any asset retirement obligations. The provision is not to exceed the cumulative value of the provision at December 31, 2004 of $5,757,000. In the absence of rate regulation, GAAP would have required the Utility to reverse the provision to retained earnings in 2004. YUB Order 2005-12 also directs the Utility to notify interveners and interested parties when the balance of the provision reaches $2,000,000. Costs of dismantling capital assets, including site remediation, will be applied to this regulatory liability if they do not otherwise relate to an asset retirement obligation. In a non-regulated industry, future removal and site restoration costs would be limited to asset retirement obligations, and the removal and site restoration costs would be expensed in the year incurred if they did not relate to an asset retirement obligation. In the absence of rate regulation, the Utility's 2006 expense would have been higher by the amount of actual removal and site restoration costs incurred in the year of $535,000 (2005 expenses - $139,000 higher). The period over which the provision will be settled is dependent on the future costs of demolishing, dismantling, tearing down, or otherwise disposing of the asset, and site restoration net of actual recoveries, and is, therefore, indeterminate.

(g) Fuel price adjustment

OIC 1998/90 directs the YUB to permit the Utility to adjust electricity rates to reflect fluctuations in the price of diesel fuel. The amount by which actual fuel prices vary from the YUB approved rates is deferred and recovered or refunded to customers in a future period.

In the absence of rate regulation, GAAP would require that actual diesel fuel expenses be included in the operation result of the year that they are incurred. In 2006, fuel expenses were deferred and consequently lower by $56,000 (2005 - $11,000).

3. Financial statement effects of rate regulation - continued

Other items affected by rate regulation

The Utility is required under the *Public Utilities Act* to obtain prior approval from the YUB before making changes to depreciation, amortization, and depletion rates and methods. The YUB permits an allowance for funds used during construction ("AFUDC"), based on the Utility's weighted average cost of capital, to be included in the rate base. AFUDC is also included in the cost of property, plant and equipment for financial reporting purposes, and is depreciated over future periods as part of the total cost of the related asset, based on the expectation that depreciation expense, including the AFUDC component, will be approved for inclusion in future customer rates. Since AFUDC includes not only a cost of debt component, but also a cost-of-equity component, it exceeds the amount allowed to be capitalized in similar circumstances in the absence of rate regulation.

It is the Utility's policy to charge to income, in the year of disposal, any gain or loss upon retirement or disposal of land or vehicles. As approved by the YUB, the gain or loss on all other property, plant and equipment is charged to accumulated depreciation and deferred and amortized over the expected life of the remaining pool of similar assets. In the absence of rate regulation, GAAP would require the gain or loss on the disposal or retirement of all property, plant and equipment to be included in income in the period of disposal or retirement.

YUB Order 2005-12 disallows the Utility from earning a return on any additional costs incurred with respect to the Mayo-Dawson line as a result of pursuing any claims or counter claims against the general contractor and directs the Utility to record any recoveries from the general contractor in an interest-bearing deferred account for future review and disposition by the YUB.

The Utility's policy of maintaining a constant capital structure of 60% debt and 40% equity is reviewed by the YUB as part of the rate setting process and in the determination of the return on rate base. In the absence of rate regulation, the Utility would determine the appropriate capital structure solely based on decisions by the Board of Directors of the Utility, which may differ from the current policy.

All amounts maintained as regulatory assets and liabilities are expected to be recovered or settled over the periods noted above. However, there are risks and uncertainties associated with the recovery or settlement related to potential future decisions of the regulator which could result in material adjustments to these assets and liabilities.

4. Cash and cash equivalents

	2006	2005
Bank balance	$ 8,333	$ 5,880
Short-term investments	143	2,228
	$ 8,476	$ 8,108

Short-term investments are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2006 was 4.08% (2005 - 2.75%). The fair market value of these investments is equal to the carrying amount (note 21).

Yukon Energy Corporation also has a demand line of credit facility with its banker that allows the Utility to borrow up to $10,000,000 at bank prime. The overdraft facility is guaranteed by the Yukon Government. At year end the Yukon Energy Corporation borrowed nil (2005 - nil) on the credit facility.

5. Accounts receivable

	2006	2005
Wholesale energy sales	$ 2,764	$ 2,666
Retail energy sales	1,071	1,008
Other	313	480
	$ 4,148	$ 4,154

The Utility's wholesale energy sales are made to Yukon Electrical Company Limited, an unrelated company also regulated by the YUB. Wholesale energy sales in 2006 were approximately $18,111,000 (2005- $16,977,000).

6. Investments

The Corporation's investments are summarized as follows:

	2006	2005
Direct financing leases	$ 3,075	$ 3,494
Less: current portion	475	419
	$ 2,600	$ 3,075

In 1990, the Corporation acquired the building known as Old Yukon College from the Yukon Government for a nominal fee. The building was renovated and is being leased back to the Government for a period of 20 years. At the end of the lease term (in 2011) the Government may purchase the building from the Corporation for a nominal fee. Interest from the lease is recognized as finance income. The investment was $2,678,757 in 2006 (2005 - $3,097,781). The monthly lease payments on the building are $65,348.

In 2003, the Corporation financed an electric boiler system for the Yukon Hospital Corporation for a total cost of $595,898. The repayment terms on this lease stipulate that one half of the energy cost savings resulting from the boiler usage during the year will be repaid against the investment. Interest on this investment is earned at the rate of 7.5% per annum and is recognized as finance income. The investment balance was $395,898 in 2006 (2005 - $395,898).

7. Trust assets

	2006	2005
Energy infrastructure investment	**$ 704**	$ 679

Energy infrastructure investment represents monies held by Yukon Development Corporation on behalf of a Yukon First Nation for investment in energy infrastructure. The ultimate use of these funds is subject to the finalization of necessary investment agreements. An equal offsetting liability is recorded in trust liabilities.

The amount is recorded at cost. Fair value approximates the carrying amount due to the short term nature of the financial instrument.

8. Property, plant and equipment

	Cost	Accumulated Depreciation	2006 Net book Value	2005 Net book Value
Generation	$ 137,573	$ 46,048	$ 91,525	$ 92,051
Transmission	48,130	10,998	37,132	37,195
Buildings and other equipment	15,492	5,756	9,736	8,804
Distribution	14,596	5,114	9,482	8,750
Construction-in-progress	1,263	-	1,263	2,369
Transportation	1,981	590	1,391	1,143
Financial information system	1,315	1,312	3	173
Land and land rights	1,080	-	1,080	1,080
	$ 221,430	**$ 69,818**	**$ 151,612**	$ 151,565

9. Diesel contingency fund

	2006	2005
Balance, beginning of year	$ 791	$ 772
Interest	30	19
Balance, end of year	**$ 821**	$ 791

Diesel contingency funds are monies invested in a pooled money market fund. The short-term securities held in the fund have an average maturity less than 90 days. Earnings are distributed monthly on a pro-rata share of the total fund. Annual return on investment for 2006 was 4.08% (2005 - 2.75%). The fair market value of these investments is equal to the carrying amount.

10. Deferred Charges

	Cost	Accumulated Amortization	2006 Net book Value	2005 Net book Value
Deferred water licensing costs	$ 8,352	$ 2,544	$ 5,808	$ 5,871
Feasibility studies and infrastructure planning	3,576	577	2,999	1,498
Regulatory Hearing costs	933	622	311	622
Downsizing costs	334	263	71	119
Dam safety review	213	164	49	89
Deferred financing costs	110	22	88	99
	$ 13,518	$ 4,192	$ 9,326	$ 8,298

11. Regulatory liabilities

	2006	2005
Insurance proceeds held on behalf of ratepayers		
Opening balance	$ -	$ 744
Applied to Reserve for uninsured losses (notes 3 and 15)	-	(744)
Closing balance	-	-
Faro Mine dewatering revenue		
Opening balance	1,775	2,067
Applied to revenue shortfall YUB Order 2005-17 (note 3)	(292)	(292)
Closing balance	1,483	1,775
	$ 1,483	$ 1,775

12. Deferred revenue

	2006	2005
Deferred gain on fire insurance proceeds - capital assets (net of amortization and adjustments of $3,707 (2005 - $3,438))	$ 7,499	$ 7,789
Sustainable energy development funds	-	2,617
	$ 7,499	$ 10,406

13. Interest rate swap agreement

Interest rate swap agreements are transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged.

The Corporation has entered into an interest rate swap agreement with The Toronto Dominion Bank to reduce its exposure to fluctuations in interest rates on a portion of its debt (note 14) by exchanging its interest payments calculated at a floating banker's acceptance discount rate (4.35% at December 29, 2006) for fixed payments calculated at 4.62%. The swap agreement originated on March 30, 2005 and matures on March 30, 2017 with quarterly net settlements. The notional amount of the interest rate swap, which is reset quarterly to match a portion of the principal on the debt, is $7,100,000 as at December 31, 2006.

The fair market value of the swap agreement as at December 31, 2006 was ($103,867), (2005 - ($152,061)).

14. Long-term debt

The Corporation's long-term debt is summarized as follows:

	2006	2005
The Toronto Dominion Bank $11,400,000 term facility by way of banker's acceptances, at a variable interest rate which resets quarterly (banker's acceptance discount rate plus stamping fee as at December 31, 2006 of 4.35%). Principal drawdowns are quarterly with the balance due on March 30, 2017	$ 9,890	$ 10,711
TD Canada Trust $12,400,000 term note bearing interest at 7.81% payable in monthly installments of $102,000 interest and principal, with the balance due September 30, 2011. The note is guaranteed by the Yukon Government	8,442	8,942
Great West Life $5,750,000 mortgage bearing interest at 11.5%, repayable in monthly installments of $60,269 interest and principal with the final payment due July 2011	2,758	3,147
	21,090	22,800
Less current portion	1,911	1,748
	$ 19,179	$ 21,052

Mortgage payable

The mortgage is secured by land and buildings described in note 8.

Long-term debt repayment

Scheduled repayments for all long-term debt are as follows:

2007	$ 1,910
2008	1,982
2009	2,125
2010	2,275
2011	2,438
Thereafter	10,360
	$ 21,090

Fair value

Fair value at December 31, 2006 of $22,777,000 (2005 - $24,869,000) for all long-term debt was estimated using discounted cash flows based on an estimate of the Corporation's current borrowing rate for similar borrowing arrangements.

15. Deferred uninsured losses

		2006		2005
Balance, beginning of year	$	33	$	(797)
Provision		100		100
Transfer from Regulatory liabilities (note 11)		-		744
Losses incurred				
Asset replacement		(633)		(14)
Balance, end of year	**$**	**(500)**	$	33

16. Contributions in aid of construction

		Cost		Accumulated Amortization		**2006** Net book Value		2005 Net book Value
Contributions from customers since 1998	$	4,087	$	295	$	3,792	$	3,123
Pre - 1998 contributions		1,739		923		816		882
Government of Yukon contributions		2,080		602		1,478		1,547
	$	**7,906**	**$**	**1,820**	**$**	**6,086**	$	5,552

The sources of contributions received prior to 1998 were not recorded separately.

17. Pension costs and obligations

Yukon Energy Corporation, (the Utility) sponsors a defined benefit pension plan which provides benefits based on length of service and final average earnings as follows:

- years of pensionable service,
- the average annual earnings during any 5 consecutive years of pensionable service where earnings are the highest, and
- the average of the years maximum pensionable earnings (Canada Pension Plan) for the same 5-year period

Annual cost of living increases to a maximum of 3.00% are provided to pensioners. The Utility contributes amounts as recommended by an independent actuary.

Employees make contributions to the plan as follows:

- 3.5% of earnings up to the year's maximum pensionable earnings
- 5.0% of earnings in excess of year's maximum pensionable earnings to a maximum of $2,500 per year.

The Utility has contracted with external organizations to provide services of trustee, administrator and investment manager for the pension plan.

17. Pension costs and obligations - continued

An actuarial valuation for funding purposes was performed as of January 1, 2004 by the consulting actuarial firm AON Consulting Inc. The next valuation for funding purposes will be conducted as of January 1, 2007. The pension costs and obligations were based on the data used in the January 1, 2004 funding valuation and have been projected to December 31, 2006 in accordance with generally accepted actuarial standards.

The fair value of the plan assets is based on market values as reported by Group Retirement Services, the plan's custodian as at December 31, 2006. The plan assets are invested in a pooled balanced fund. The plan assets are invested as follows: equity investments (51.9%; 2005 - 62.4%), fixed income securities (38.3%; 2005 - 34.6%); short term securities and cash (0%; 2005 - 3.0%) and real estate (9.8%; 2005 - 0%).

Information about the Utility's defined benefit plan as at December 31, in aggregate, is as follows:

		2006		2005
Discount rate - accrued benefit obligation		5.25%		5.25%
Discount rate - benefit costs		6.00%		6.00%
Expected long-term rate of return on plan assets		6.50%		6.50%
Assumed rate of salary escalation		3.00%		3.00%
Assumed rate of pension indexing		2.50%		2.50%
Expected average remaining service period of active employees		14 years		14 years
Benefit obligation determined by actuarial valuation	$	9,181	$	8,269
Fair value of plan assets		7,006		6,144
Plan deficit	$	2,175	$	2,125
Unrecognized amount				
transitional asset		186		203
net actuarial losses		(1,741)		(1,907)
Accrued benefit liability	$	620	$	421
Pension expense	$	506	$	337
Employer contributions	$	307	$	306
Employee contributions	$	115	$	110
Benefits paid	$	60	$	97

The accrued benefit liability has been recorded on the Utility's books of account and its current portion of $60,000 (2005-$60,000) is included in accounts payable on the balance sheet.

Employees joining after January 1, 2002 are not eligible to participate in the defined benefit plan. The Utility makes contributions to a Registered Retirement Savings Plan ("RRSP") on behalf of these employees and to employees hired before January 1, 2002 who belonged to the defined benefit plan and elected to opt out of that plan. The RRSP is a defined contribution plan. The costs recognized for the period are equal to the Utility's contribution to the plan. In 2006 these were $149,000 (2005 - $122,000).

Total cash payments for employee future benefits for 2006, consisting of cash contributed by the Utility to its funded defined benefit pension plan and cash contributed directly to the RRSP were $456,000 (2005 - $428,000).

17. Pension costs and obligations - continued

As at December 31, 2006, the Utility's defined pension plan had 40 members (2005 - 40) and the RRSP had 40 members (2005 - 33).

18. Contingencies

Mayo to Dawson City transmission line project
The Utility completed the construction of the Mayo to Dawson City transmission line project during 2003. Subsequent to energization of the line, the Utility and the general contractor notified each other that they have numerous claims arising out of the agreement and the construction of the line. These claims total several million dollars on a net basis.

In November 2006, the Utility and the general contractor appeared in Yukon Supreme Court on an application to determine a legal process for settlement. The court has yet to render a decision. To date, the Utility has insufficient information to assess the financial exposure.

Federal Transfer Agreement
Most of the assets of the Utility were purchased under a March 31, 1987 Agreement of Purchase and Sale between the Government of Canada ("Canada"), Yukon Energy Corporation, the Government of Yukon ("YTG") and Northern Canada Power Commission ("NCPC") (the "Transfer Agreement"). There are several claims that the Utility has against Canada under the Transfer Agreement. The various claims are described below:

Yukon Energy Corporation claims against Canada

(i) Claim against Canada arising from requirement to obtain a fish authorization in relation to the Aishihik Facility
In January 2004, the Utility filed a Writ of Summons against Canada for damages caused by a breach of the Transfer Agreement arising from Canada's notification of the Utility in May, 1999 that the Aishihik Facility required an authorization under the Fisheries Act. The Utility alleges the requirement for a fish authorization was contrary to Canada's representations and warranties under the Transfer Agreement. More particularly it alleges it reasonably relied on warranties and representations given by Canada under the Transfer Agreement to the effect that the Utility had all authorizations necessary for the generation of electricity from the Aishihik Facility. As a result, the Utility incurred significant costs and expenses in negotiating and obtaining a Fisheries Act authorization for the Aishihik Facility and further, its ability to use the Aishihik Facility has been restricted by the terms of the authorization. A legal process was initiated in 2006 claiming damages however the amount of the damages can not be reasonably estimated at this time.

(ii) Soil contamination at the Whitehorse Facility
The Utility has notified Canada of a claim it has for indemnification for expenditures it incurred on site restoration at the Whitehorse Rapids Dam site for hydrocarbon contamination caused by a diesel fuel spill which occurred when Canada owned the facility. This contamination was discovered in 1999 and was rectified in 2000. In addition, further testing in 2004 revealed one additional area of contamination caused during Canada's ownership of the site. The Utility's claim of approximately $260,000 for indemnification arises under the Transfer Agreement. Although it was expected this matter would be resolved in 2006, this did not occur. The Utility has recently had discussions with Canada and it is expected that this matter will be resolved in 2007.

19. Commitments

Aishihik Water License

The Yukon Territory Water Board issued a water use license in 2002, valid until December 31, 2019, for the Utility's Aishihik Lake facility. In addition to maintaining a minimum and maximum water level, this license commits the Utility to meet a number of future requirements including:

- annual payments of $25,000 until 2011 for the purpose of construction and maintenance of a heritage camp and delivery of programs at the camp;
- a Heritage Mitigation Plan. The Utility spent approximately $6,000 in 2006 on heritage projects, expects to spend up to $30,000 in 2007 on heritage projects, and the balance which has not yet been determined in the future; and
- annual fish monitoring programs.

Fish monitoring programs are also required under an authorization provided by the Federal Government Department of Fisheries and Oceans, which is valid until December 31, 2019. The costs of meeting these requirements are accounted for as water license costs in the year they are paid.

Mayo – Dawson Apprenticeship Benefits Agreement

Under this agreement, the Utility is obligated to annual payments of $15,000, adjusted by the percentage change in the Canadian consumer price index, to both The Tr'ondek Hwech'in and the First Nation of Nacho Nyak Dun. The agreement came into effect July 1, 2004 and expires June 30, 2024. The costs of meeting these requirements are expensed to Administration in the year to which they relate.

Mayo – Dawson Transmission Line Option Agreement

The Utility has provided an option to two Yukon First nations to acquire up to a $14,470,000 "indirect interest" in the Mayo-Dawson transmission line system project. The option agreement provides for issuance by the Utility of a long-term instrument repayable over forty years, bearing interest equal to the Utility's blended cost of capital, including a component limited to the Utility's realized return on equity. The option expires on January 4, 2007. In accordance with the agreement, one First Nation excercised the option to extend this deadline to July 4, 2007.

Funding of Energy Solutions Centre Programs

As part of the transfer of operations of the Canada Yukon Energy Solutions Centre to the Department of Energy, Mines and Resources, Yukon Development Corporation has agreed to provide funding of $400,000 per calendar year for 2006 and 2007 to be used for delivery of Energy Solutions Centre programs.

Rate Stabilization Fund

On March 30, 2005, the Yukon Government announced the continuation of the Rate Stabilization Fund from April 1, 2005 until 2007 with the Yukon Development Corporation required by OIC 2005/49 to contribute up to $9,000,000 of internally generated funds before April 1, 2007. At December 31, 2006, Yukon Development Corporation had contributed $7,812,111.

20. Environmental liabilities

Yukon Energy Corporation's activities are subject to various federal and territorial laws and regulations governing the protection of the environment or to minimize any adverse impact thereon. The Utility conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. Liabilities will be recorded when the occurrence of an environmental expenditure, related to present or past activities of the Utility, is considered probable and the costs can be reasonably estimated. To date, no such specific liabilities have been recorded in the Utility's accounts.

21. Risk management and financial instruments

The fair value of cash and cash equivalents, accounts receivable, restricted cash, diesel contingency fund, accounts payable approximate the carrying amount of these instruments due to the short period to maturity. The fair value of long-term debt and of interest rate swap agreements are described in notes 13 and 14 respectively. The Utility also has access to a $10 million line of credit. The renewal date on the line of credit is October 31, 2009. The account accrues interest on withdrawals at prime rate. The facility was not drawn on at year end.

The Utility is not exposed to significant interest rate risk due to its long-term debt having fixed interest rates. The Utility's credit risk is minimal in that its primary customer is a regulated utility.

22. Non-consolidated financial information

The nature and size of operations of the Corporation and its subsidiary, Yukon Energy Corporation differ substantially. Audited financial statements of Yukon Energy Corporation for the year ended December 31, 2006 are also prepared.

23. Subsequent events

On February 8, 2007, the Utility signed a Power Purchase Agreement (PPA) with Minto Explorations Limited, an industrial mining customer. Under this agreement, the Utility has agreed to construct a power line to the mine site to deliver electricity from its grid for the mine's operation. The mine is expected to be in operation by mid-2007 and the current estimate of the mine's life is 7.2 years. There is no immediate financial effect on the Corporation from the signing of this agreement. The agreement was conditional on receiving Yukon Utilities Board approval of that agreement by April 30, 2007. On April 30th the YUB denied the Utility's application for approval. In its decision the YUB directed the parties to endeavor to reach a new agreement in principle consistent with the YUB findings. Subject to the parties coming to such an agreement (and that agreement being approved, as and if required, by the YUB), and also assuming the Utility receives a number of other regulatory and internal approvals, the line is currently forecast to be constructed and operational by the third quarter of 2008. The cost is expected to be funded by contributions from Minto Explorations Ltd, the Yukon Government and the parent, Yukon Development Corporation.

24. Comparative figures

Certain 2005 figures, which are presented for comparative purposes, have been reclassified to conform with the current year's presentation.

YUKON LIQUOR CORPORATION

FINANCIAL STATEMENTS

March 31, 2007

(audited)

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Yukon
Liquor Corporation
9031 Quartz Road
Whitehorse, Yukon Y1A 4P9
(867) 667-5245 FAX (867) 393-6306
Email: yukon.liquor@gov.yk.ca

YUKON LIQUOR CORPORATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Yukon Liquor Corporation is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; the assets of the Corporation are safeguarded and controlled; the transactions of the Corporation are in accordance with the relevant legislation, regulations and by-laws of the Corporation; the resources of the Corporation are managed efficiently and economically; and the operations of the Corporation are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Corporation. The financial statements as at March 31, 2007, which include amounts based on management's best estimates as determined through experience and judgement, are prepared in accordance with Canadian generally accepted accounting principles.

These financial statements have been independently audited by the Corporation's external auditor, the Auditor General of Canada, and her report is included in this report.

Eric Magnuson
A/President

Temes Cherinet
Director, Shared Services, Finance, Systems & Admin

July 11, 2007

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Yukon Liquor Corporation

I have audited the balance sheet of the Yukon Liquor Corporation as at March 31, 2007 and the statements of income and equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Liquor Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for services received and provided without charge as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Liquor Act* and regulations, the *Liquor Tax Act*, the *Financial Administration Act* and regulations and the by-laws of the Corporation.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
July 11, 2007

YUKON LIQUOR CORPORATION
BALANCE SHEET
as at March 31

ASSETS

	2007	2006
	(in thousands)	
Current		
Cash	$ 1 409	$ 664
Accounts receivable (Note 4)	80	59
Inventories	2 138	2 327
	3 627	3 050
Property, plant and equipment (Note 5 and 7)	2 051	2 374
	$ 5 678	$ 5 424

LIABILITIES & EQUITY

	2007	2006
Current		
Accounts payable and accrued liabilities (Note 4)	$ 977	$ 1 186
Due to the Government of the Yukon (Note 6)	1 929	1 183
Deferred revenue	88	89
	2 994	2 458
Non-pension benefit liability (Note 9)	633	592
	3 627	3 050
Equity (Note 7)	2 051	2 374
	$ 5 678	$ 5 424

Commitments (Note 10)

The accompanying notes are an integral part of the financial statements.

Approved by Management:

President

A/Director, Shared Services, Finance, Systems & Admin

YUKON LIQUOR CORPORATION
STATEMENT OF INCOME AND EQUITY
for the year ended March 31

	2007	2006
	(in thousands)	
		(Restated - Note 3)
Sales		
Beer	$ 13 234	$ 12 334
Spirits	7 571	7 038
Wine	4 315	3 817
	25 120	23 189
Cost of goods sold	12 577	11 818
Gross profit	12 543	11 371
Expenses		
Salaries and benefits	3 364	3 125
Rent, utilities and maintenance	1 445	1 355
Shared corporate services costs	898	906
Services provided to Government of Yukon without charge (note 8c)	452	443
Amortization	394	349
Bank expenses	252	226
Travel and communications	222	192
General and office supplies	160	129
Other	110	108
	7 297	6 833
Operating income	5 246	4 538
Other income		
Fees, permits and licences	112	109
Miscellaneous	10	20
Services received from Government of Yukon without charge (note 8c)	551	551
	673	680
Net Income (note 5 and 7)	$ 5 919	$ 5 218
Equity, beginning of year	$ 2 374	$ 2 364
Funds repayable to Government of Yukon	(5 919)	(5 218)
Add: property, plant and equipment additions	71	425
Less: disposal of land	-	(66)
Less: amortization	(394)	(349)
Equity, end of year (note 7)	$ 2 051	$ 2 374

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
STATEMENT OF CASH FLOWS
for the year ended March 31

	2007	2006
	(in thousands)	
Operating activities		
Cash receipts:		
Sales - spirits, wine and beer	$ 25 119	$ 23 189
Annual licence fees and other	98	106
Cash disbursements:		
Purchases	(12 387)	(12 458)
Salary, wages and benefits	(3 759)	(3 493)
General and administrative expenses	(3 214)	(3 070)
Net cash available from operating activities	5 857	4 274
Investing activities		
Cash receipts:		
Disposal of land	-	66
Cash disbursements:		
Acquisition of property, plant and equipment	(71)	(425)
Net cash used in investing activities	(71)	(359)
Financing activities		
Cash disbursements:		
Remittance of income to the Government of the Yukon	(5 041)	(4 001)
Net cash used in financing activities	(5 041)	(4 001)
Increase / (decrease) in cash for the year	745	(86)
Cash, beginning of year	664	750
Cash, end of year	$ 1 409	$ 664

The accompanying notes are an integral part of the financial statements.

YUKON LIQUOR CORPORATION
Notes to the Financial Statements
March 31, 2007

1. Authority and Operations

The Corporation, established in 1977 under the *Liquor Act*, is responsible for the purchase, distribution and sale of liquor within the Yukon. It is responsible for controlling the sale of liquor through licensed outlets and enforcing all matters related to the *Act*.

In accordance with the *Liquor Act*, the net income for the year, before amortization, less amounts expended on property, plant and equipment, is remitted to the Government of the Yukon on a monthly basis.

The Corporation is required by the *Liquor Tax Act* to collect liquor taxes on behalf of the Government of the Yukon and to remit these taxes on a monthly basis. The current rate is 12%, and is applied to all selling prices.

In accordance with the provisions of the *Beverage Container Regulations* under the *Environment Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund on a monthly basis after deducting deposit refunds paid and fees earned under the program.

As a territorial corporation of the Yukon Government, the Corporation is exempt from income taxes under Section 149(1)(d) of the *Canadian Income Tax Act*.

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Inventories
Inventories are comprised of alcoholic beverages for resale and are valued at the lower of landed cost at Whitehorse, or market.

Revenue recognition
Revenue is recognized when the sale of products is made to customers.

Expense recognition
Expenses are recognized as incurred, on an accrual basis, in the period to which they relate.

Amortization
Amortization of property, plant and equipment owned by the Corporation is calculated on a straight-line basis and is based on the estimated useful lives of the assets as follows:

Buildings	20 years
Furniture and office equipment	5 years
Equipment	5 years
Systems equipment and software	5 years
Leasehold improvements	4 years or remaining term of lease

Employee future benefits
Non-pension benefits

Under the conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation was determined on an actuarial basis. The costs of these benefits are accrued as employees render the services required to earn them. The obligation for vacation leave, sick leave, and severance benefits were calculated using the projected benefit method pro-rated on service. The remainder was calculated assuming all employees would receive the benefits on valuation date.

2. Accounting Policies (continued)

Pension benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are expensed during the year in which the services are rendered. The Corporation is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Services provided without charge

As described in Note 3, the Corporation records in the Statement of Income and Equity services it receives or provides without charge to the Government of Yukon in the normal course of operations, at carrying amount. These services include the following:

- services, primarily accommodation, provided by the Government of the Yukon;
- services provided by the Corporation to the Government in its capacity of Territorial Agent in localities outside of Whitehorse.

Use of estimates

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates are used when accounting for matters such as amortization and non-pension benefit liability. Actual results could differ materially from these estimates.

3. Change in Accounting Policy

The Corporation has chosen to recognize services received from and provided to the Government of Yukon at carrying amount (see note 8c). Recording the value of services provided without charge both by and to the Government recognizes and discloses the full cost of operations of the Corporation.

There is no effect on the 2007 net operating results of the Corporation as a result of this change. However, individual financial statement items have been affected as follows:

	2007	2006
Other income – Government of Yukon – services provided without charge: increased	$ (551,357)	$ (550,594)
Expenses – Government of Yukon services received without charge: increased	452,201	442,761
Expenses – Salaries and benefits: decreased	(394,414)	(368,034)
Expenses – Rent, utilities and maintenance: increased	483,079	465,794
Expenses – Travel and communications: decreased	(4,403)	(4,153)
Expenses – General and office supplies: increased	14,894	14,226

This change in accounting policy has been applied retroactively and certain prior year comparative revenue and expense figures have been restated.

4. Fair Values of Financial Instruments

Accounts receivable, accounts payable and accrued liabilities and the amount due to the Government of the Yukon are incurred in the normal course of business. All are due on demand and are non-interest bearing. The carrying amounts of each approximate fair values because of their short maturity.

5. Property, Plant and Equipment

Property, plant and equipment purchased by the Corporation after March 31, 1990 are as follows:

	2007			2006
	Cost	Accumulated Amortization	Net book Value	Net book Value
		(in thousands)		
Land	$ 202	$ -	$ 202	$ 202
Buildings	4,790	3,413	1,377	1,600
Furniture and office equipment	92	85	7	14
Equipment	360	316	44	27
Systems equipment and software	543	202	341	394
Leasehold improvements	357	277	80	137
	$ 6,344	$ 4,293	$ 2,051	$ 2,374

6. Due to the Government of the Yukon

	2007	2006
	(in thousands)	
Reimbursements due for salaries to employees, shared services costs, and other costs paid on behalf of the Corporation(Note 8d)	368	385
Adjusted net income (Note 8a)	1,293	92
Liquor tax (Note 8b)	198	23
Net remittances due to the Recycling Fund	70	683
Net due at the end of the year	$ 1,929	$ 1,183

In accordance with the provisions of the *Beverage Container Regulations* under the *Environmental Act*, the Corporation collects various beverage container deposits and recycling surcharges on the sale of its products. These amounts are remitted to the Recycling Fund payable to the Government of Yukon on a monthly basis after deducting deposit refunds paid and fees earned under the program.

7. Equity

This amount represents the sum of the net book value of property, plant and equipment purchased by the Corporation after March 31, 1990, $2,051,000 (2006 - $2,374,000) which the Government of the Yukon has provided to the Yukon Liquor Corporation on a cumulative basis.

8. Related party transactions

a) Adjusted Net Income

Calculation of adjusted net income due to the Government of the Yukon for the year (Note 1):

	2007	2006
	(in thousands)	
Balance due (remitted in advance) at the beginning of the year	$ 92	$ (1,115)
Net income	5,919	5,218
Capital expenditures	(71)	(425)
Property, plant and equipment amortization	394	349
Disposal of land	-	66
Adjusted net income due to the Government of the Yukon	6,242	5,208
Less: remitted during the year	(5,041)	(4,001)
Balance due at the end of the year	$ 1,293	$ 92

b) Liquor tax

Liquor tax collected and due to the Government of the Yukon for the year (Note 1):

	2007	2006
	(in thousands)	
Balance due at the beginning of the year	$ 23	$ 190
Liquor tax collected during the year	3,022	2,783
Less: remitted during the year	(2,847)	(2,950)
Balance due at the end of the year	$ 198	$ 23

c) Other transactions

The value of services provided without charge by the Government of the Yukon to the Corporation is estimated to be $551,357 (2006 - $550,594). The value of services provided without charge by the Corporation to the Government is estimated to be $452,201 (2006 - $442,761). These transactions are included in the financial statements of the Corporation.

The employees of the Corporation are paid by the Government of the Yukon. The Corporation reimburses the Government on a monthly basis for salaries and benefits expenses paid.

d) Shared services costs

The Corporation is part of a Shared Services arrangement with two other government organizations which consolidates functions such as finance and administration, policy and human resources services. The amount charged by the Government of the Yukon to the Corporation for shared services for the year was $897,607 (2006 - $905,869). These transactions are in the normal course of operations and are measured at the carrying amount, which is the amount of consideration established and agreed to by the related parties.

9. Employee future benefits

Pension Plan

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. Contributions during the year were as follows:

	2007	2006
	(in thousands)	
Corporation's Contributions	$264	$240
Employees' Contributions	124	117

Non-pension benefits

The Corporation provides non-pension benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Extended health care and insurance plan employee future benefit liabilities are paid by and accrued in the financial statements of the Government of Yukon. The results measured at the balance sheet date are summarized as follows:

	2007	2006
	(in thousands)	
Accrued benefit obligation, beginning of year	$698	$691
Cost for the year	142	121
Benefits paid during the year	(67)	(114)
Accrued benefit obligation, end of year	$773	$698
Short-term portion (vacation)	$139	$106
Long-term portion	634	592
	$773	$698
The significant actuarial assumptions were:		
Discount rate	5.75%	5.75%
Salary escalation rate	2.50%	3.0% on Jan. 1, 2006 2.5% per annum thereafter

The most recent actuarial valuation made for this non-pension benefit plan was of March 31, 2005. The next required valuation would be as of March 31, 2008.

10. Commitments

The Corporation has the following operating leases with commitments for annual rents of leased premises due as follows:

Fiscal	Whitehorse Store	Other Retail Stores	Total
2008	$ 213,660	$ 117,533	$ 331,193
2009	213,660		213,660
2010	213,660		213,660
2011	213,660		213,660
2012	17,805		17,805
Total	$ 872,445	$ 117,533	$ 989,978

The Corporation's buildings are self insured with the Government of Yukon.

11. Reclassification of Comparative Figures

Certain 2006 comparative figures have been reclassified to conform to the presentation of the 2007 financial statements.

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YUKON GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

December 31, 2006

(audited)

CHARTERED
ACCOUNTANTS

mackay.ca

M Kay LLP

Auditors' Report

**To the Directors of
Yukon Government Fund Limited**

We have audited the balance sheet of Yukon Government Fund Limited as at December 31, 2006 and the statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MacKay LLP

Chartered Accountants

**Whitehorse, Canada
June 21, 2007**

Yukon Government Fund Limited

Balance Sheet

December 31,	2006	2005
Assets		
Current		
Cash	$ 2,461,797	$ 4,135,303
Interest receivable (note 3)	7,737	55,005
Current portion of due from 19596 Yukon Inc. (note 3)	1,225,000	5,775,000
	3,694,534	9,965,308
Due from 19596 Yukon Inc. (note 3)	-	1,225,000
Deferred distribution fees (note 4)	-	28,000
	$ 3,694,534	$ 11,218,308
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 53,122	$ 12,556
Due to Government of Yukon (note 5)	116,054	116,054
Current portion of due to investors (note 6)	2,000,000	7,750,000
	2,169,176	7,878,610
Due to investors (note 6)	250,000	2,250,000
	2,419,176	10,128,610
Shareholder's Equity		
Share capital (note 7)	100	100
Retained earnings	1,275,258	1,089,598
	1,275,358	1,089,698
	$ 3,694,534	$ 11,218,308

Approved by the board:

________________ Director

________________ Director

Yukon Government Fund Limited

Statement of Operations

For the year ended December 31,	2006	2005
Revenue	$ **352,998**	$ 791,348
Expenses		
Amortization of deferred costs and distribution fees (note 4)	**28,000**	160,000
Bank charges and interest	**25**	-
Interest	**101,877**	257,260
Professional fees	**6,873**	7,852
Reporting fees	**30,563**	77,178
	167,338	502,290
Net income	$ **185,660**	$ 289,058

Yukon Government Fund Limited

Statement of Retained Earnings

For the year ended December 31,	2006	2005
Retained earnings, beginning of year	**$ 1,089,598**	$ 800,540
Net income	**185,660**	289,058
Retained earnings, end of year	**$ 1,275,258**	$ 1,089,598

Yukon Government Fund Limited

Statement of Cash Flows

For the year ended December 31,	2006	2005
Cash provided by (used for)		
Operating activities		
Net income	**$ 185,660**	$ 289,058
Item not affecting cash		
Amortization of deferred costs and distribution fees (note 4)	**28,000**	160,000
	213,660	449,058
Change in non-cash working capital items		
Decrease in interest receivable	**47,268**	22,102
Increase in accounts payable and accrued liabilities	**40,566**	6,406
	301,494	477,566
Financing activity		
Decrease in due to investors	**(7,750,000)**	(5,000,000)
Investing activity		
Decrease in due from 19596 Yukon Inc.	**5,775,000**	3,500,000
Decrease in cash	**(1,673,506)**	(1,022,434)
Cash, beginning of year	**4,135,303**	5,157,737
Cash, end of year	**$ 2,461,797**	$ 4,135,303
Supplemental cash flow information		
The company had the following cash transactions:		
Interest paid	**$ 101,877**	$ 257,260
Interest received	**400,265**	802,563

1. Nature of operations

Yukon Government Fund Limited ("The Company") is incorporated under the Business Corporations Act (Yukon). The Company is wholly owned by the Government of the Yukon ("the Government").

The Company is a Government administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada) as amended ("the Regulations"). Under the Regulations, the purpose of the Company is to invest in the active business operations of at least two eligible businesses.

The Company provides loan and equity capital to establish, expand, purchase, maintain or revitalize business or commercial ventures in the Yukon Territory which comply with the Regulations and are of significant economic benefit to the Yukon Territory, including creation or continuation of employment opportunities for Canadian citizens or permanent residents other than the investor and his/her dependants.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Income taxes

The Company is wholly owned by the Yukon Government and is therefore exempt from income taxes.

(b) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

3. Due from 19596 Yukon Inc.

Interest receivable of $ 7,737 (2005 - $44,213) is payable by 19596 Yukon Inc., a company with common significant influence. During the year, the company recorded interest revenue of $247,557 (2005 - $681,257) from 19596 Yukon Inc. At December 31, 2006, 19596 Yukon Inc. owed $1,225,000 (2005 - $7,000,000), see note 3. 19596 Yukon Inc. has set aside in a separate bank account sufficient funds to repay the term loans as they mature.

	2006	2005
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing January 22, 2006. Evidenced by promissory note.	$ -	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing May 18, 2006. Evidenced by promissory note.	-	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing July 20, 2006. Evidenced by promissory note.	-	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing September 21, 2006. Evidenced by promissory note.	-	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually not in advance, receivable monthly. Receivable 60 months after advance, maturing January 10, 2007. Evidenced by promissory note.	**1,225,000**	1,225,000
	1,225,000	7,000,000
Less current portion	**1,225,000**	5,775,000
	$ -	$ 1,225,000

4. Deferred distribution fees

Legal fees and other expenditures related to the incorporation and issuance of the Confidential Offering Memorandum have been deferred and have been amortized over 5 years, the initial term of the investments. The Government has advanced funds to cover these expenses. A portion of the proceeds of the offering will be used to repay the Government. Distribution fees of 8% of the subscription proceeds have been deferred and amortized over the terms of the investments (5 years).

			2006	2005
	Cost	Accumulated Amortization	Net book value	Net book value
Deferred distribution fees	$ 1,200,000	$ 1,200,000	$ -	$ 28,000
Deferred costs	118,220	118,220	-	-
	$ 1,318,220	$ 1,318,220	$ -	$ 28,000

5. Due to the Government of Yukon

The amount due to the shareholder is unsecured, bears no interest and is due on demand. Fair value cannot be readily determined.

	2006	2005
Due to the Government of Yukon	$ 116,054	$ 116,054

6. Due to investors

	2006	2005
Term loans from nine individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing January 17, 2006.	$ -	$ 2,250,000
Term loans from ten individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing May 14, 2006.	-	2,500,000
Term loans from nine individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 18, 2006.	-	2,250,000
Term loans from three individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing September 21, 2006.	-	750,000
Term loans from seven individual investors ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing January 10, 2007.	**1,750,000**	1,750,000
Term loans from one individual investor ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 30, 2007.	**250,000**	250,000
Term loans from one individual investor ($250,000 each) bearing interest at 2% loan payable annually, repayable 180 days after maturity, maturing July 15, 2008.	**250,000**	250,000
	2,250,000	10,000,000
Less current portion	**2,000,000**	7,750,000
	$ 250,000	$ 2,250,000

Subsequent to year end, the loans for $1,750,000, maturing January 10, 2007 was paid out to the investors on that date.

Estimated principal repayments are as follows:

2007	$ 2,000,000
2008	250,000
	$ 2,250,000

7. Share capital

	2006	2005
Authorized Unlimited number of shares without nominal or par value		

7. Share capital (continued)

Issued			
- 100 common shares	$	**100**	$ 100

No dividends, share repurchases or return of capital shall be paid at any time when the Company has outstanding debt obligations to investors. Subject to this restriction, the holders of shares shall have all the rights of a shareholder under the Business Corporations Act, including the right to vote. No shares shall be transferred without the prior consent of the Government.

8. Offering Memorandum

On January 4, 1999 the Company finalized a Confidential Offering Memorandum for filing with the Business Immigration Division, Department of Citizenship and Immigration, Canada, Government of Canada. The maximum and minimum amounts of the offering were $30,000,000 (120 units) and $3,000,000 (12 units) respectively.The Company has committed to use the proceeds of the offering to invest in eligible businesses in the Yukon. The offering expired on March 31, 1999.

Proceeds from the sale of units will be held in trust by the escrow agent until a closing and may be released from escrow providing certain conditions are met.

The balance held in escrow as at December 31, 2006 is $NIL (2005 - $90,705).

9. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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19596 YUKON INC.

FINANCIAL STATEMENTS

December 31, 2006

(unaudited)

CHARTERED
ACCOUNTANTS

MacKay LLP

Review Engagement Report

To the Directors of
19596 Yukon Inc.

We have reviewed the balance sheet of 19596 Yukon Inc. as at December 31, 2006 and the statements of operations, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

MacKay LLP

Chartered Accountants

Whitehorse, Canada

April 9, 2007

19596 Yukon Inc.

Balance Sheet
(Unaudited - See Review Engagement Report)

December 31,	2006	2005
Assets		
Current		
Cash	$ 822	$ 942
Accounts receivable	70,690	135,830
Income taxes receivable	22,575	-
Restricted cash (note 3)	1,233,038	5,954,403
	1,327,125	6,091,175
Restricted cash (note 3)	-	1,225,000
Property and equipment (note 4)	-	1,243
	$ 1,327,125	$ 7,317,418
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 62,913	$ 47,411
Income taxes payable	-	22,575
Current portion of due to Yukon Government Fund Limited (note 5)	1,225,000	5,775,000
	1,287,913	5,844,986
Due to Yukon Government Fund Limited (note 5)	-	1,225,000
	1,287,913	7,069,986
Shareholders' Equity		
Share capital (note 6)	200	200
Retained earnings	39,012	247,232
	39,212	247,432
	$ 1,327,125	$ 7,317,418

Approved by the board:

Director

Director

19596 Yukon Inc.

Statement of Operations
(Unaudited - See Review Engagement Report)

For the year ended December 31,	2006	2005
Revenue		
Interest income	$ 102,486	$ 212,859
Leasing income (note 7)	-	425,000
	102,486	637,859
Expenses		
Amortization	-	376
Interest and bank charges	120	125
Interest on long-term debt (note 7)	247,557	681,257
Management fees (note 7)	72,493	15,000
Meals and entertainment	37	64
Professional fees	12,622	34,935
	332,829	731,757
Loss before other item and income taxes	(230,343)	(93,898)
Other income		
Gain on sale of property and equipment	-	236,254
Income (loss) before income taxes	(230,343)	142,356
Income taxes (recovery)	(22,123)	22,575
Net income (loss)	$ (208,220)	$ 119,781

19596 Yukon Inc.

Statement of Retained Earnings
(Unaudited - See Review Engagement Report)

For the year ended December 31,	2006	2005
Retained earnings, beginning of year	$ 247,232	$ 127,451
Net income (loss)	(208,220)	119,781
Retained earnings, end of year	$ 39,012	$ 247,232

19596 Yukon Inc.

Statement of Cash Flows
(Unaudited - See Review Engagement Report)

For the year ended December 31,	2006	2005
Cash provided by (used for)		
Operating activities		
Net income (loss)	$ (208,220)	$ 119,781
Items not affecting cash		
Amortization	-	376
Gain on sale of property and equipment	-	(236,254)
	(208,220)	(116,097)
Change in non-cash working capital items		
Decrease in accounts receivable	65,140	27,678
Decrease (increase) in income taxes	(45,150)	22,575
Increase (decrease) in accounts payable and accrued liabilities	15,502	(58,222)
	(172,728)	(124,066)
Financing activities		
Advances from related party	(5,775,000)	(3,500,000)
Advances from (to) shareholder	-	(17,655)
	(5,775,000)	(3,517,655)
Investing activity		
Proceeds on disposal of property and equipment	1,243	6,100,000
Increase (decrease) in cash	(5,946,485)	2,458,279
Cash, beginning of year	7,180,345	4,722,066
Cash, end of year	$ 1,233,860	$ 7,180,345
Cash consists of:		
Cash	$ 822	$ 942
Restricted cash	1,233,038	7,179,403
	$ 1,233,860	$ 7,180,345

1. Nature of operations

19596 Yukon Inc. is incorporated under the laws of the Yukon Territory and its major activity is the leasing of communications equipment.

2. Significant accounting policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Revenue recognition

Interest revenue is recognized when earned, with unpaid interest accrued as receivable.

(b) Property and equipment

Property and equipment are recorded at original cost plus any costs of betterment less accumulated amortization and recognized impairment write-downs. Amortization is calculated by the declining balance method at the annual rates set out in note 4.

(c) Income taxes

The company accounts for income taxes using the future income tax method.

(d) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

3. Restricted cash

Restricted cash represents equipment lease funds deposited into a trust account with HSBC Bank Canada. These funds are to be used to pay amounts owing to Yukon Government Fund Limited, to pay GST to the appropriate government agency, and audit, legal and other fees incurred by 19596 Yukon Inc. in connection with the transactions contemplated by the loan agreement with Yukon Government Fund Limited, the equipment lease and the procurement agreement.

4. Property and equipment

			2006	2005
	Cost	**Accumulated Amortization**	**Net book value**	Net book value
Office equipment	$ -	$ -	$ -	$ 876
Computer equipment	-	-	-	367
	$ -	$ -	$ -	$ 1,243

5. Due To Yukon Government Fund Limited

	2006	2005
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing June 22, 2006. Secured by promissory note and a security agreement over equipment.	$ -	$ 1,750,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing May 18, 2006. Secured by promissory note and a security agreement over equipment.	-	1,925,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing July 20, 2006. Secured by promissory note and a security agreement over equipment.	-	1,575,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing September 20, 2006. Secured by promissory note and a security agreement over equipment.	-	525,000
Term loan bearing interest equal to 7.7% per annum, calculated and compounded semi-annually, not in advance, payable monthly. Repayable 60 months after advance, maturing January 10, 2007. Secured by promissory note and a security agreement over equipment.	**1,225,000**	1,225,000
	1,225,000	7,000,000
Less current portion	**1,225,000**	5,775,000
	$ -	$ 1,225,000

6. Share capital

		2006	2005
Authorized			
Unlimited number of common shares without nominal or par value			
Issued			
200 common shares	$	200	$ 200

7. Related party transactions

The company paid management fees totalling $72,493 (2005 - $15,000) to two shareholders (2005 - one shareholder) and interest on loans of $247,557 (2005 - $681,257) to a company with signficant common influence. In addition, the company received lease revenue of $0 (2005 - $425,000) from a shareholder.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

8. Subsequent events

In 2007 the company was wound up.

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COMPENSATION FUND (YUKON)

FINANCIAL STATEMENTS

December 31, 2006

(audited)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Yukon Workers' Compensation Health and Safety Board (the board) is responsible for establishing and maintaining a system of books, records, internal controls and management practices designed to provide reasonable assurance that reliable financial information is produced; Compensation Fund assets are safeguarded and controlled; transactions of the Compensation Fund are in accordance with relevant legislation, regulations and board policies; and that the board resources are managed efficiently and economically and the operations of the board are carried out effectively.

Management is also responsible for the integrity and objectivity of the financial statements of the Compensation Fund. The financial statements as at December 31, 2006, which include amounts based on management's best estimates as determined through experience and judgement, are in accordance with Canadian generally accepted accounting principles. Other financial information included in the Annual Report is consistent with these financial statements.

Members of the Board of Directors (the Board) are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Finance, Investment, and Audit Committee. The Finance, Investment, and Audit Committee meets with management and the external auditors on a regular basis. The Committee has reviewed the financial statements and has submitted its report to the Board, which has approved these financial statements.

The Auditor General of Canada conducts an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with specified legislation.

Hewitt Associates, an independent consulting actuarial firm, has been engaged to provide an opinion of the adequacy and appropriateness of actuarial valuations of the benefits liability of the Compensation Fund.

Valerie Royle

Valerie Royle, BComm (Hons), MBA
President and Chief Executive Officer

Jim Stephens, CMA, CGA
Vice President, Operations and
Chief Financial Officer

May 3, 2007

ACTUARIAL CERTIFICATION -

To the Members of the Yukon Workers' Compensation, Health and Safety Board -

We have completed an actuarial valuation as at December 31, 2005 of the benefits liability payable in the future for insured employers under the *Yukon Workers' Compensation Act*, in respect to claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the data is sufficient and reliable for the purposes of this valuation.

The actuarial valuation of the benefits liability of $105,195,000 represents the actuarial present value at December 31, 2005 of all expected payments which will be made in future years and in respect of all claims occurring on or before December 31, 2005.

The valuation was based on the provisions of the *Yukon Workers' Compensation Act* in effect as of December 31, 2005. The net interest rates used to discount future claim payments make implicit provision for future increases in payment levels. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent an estimate of the board's future obligations based on the provisions of the *Yukon Workers' Compensation Act* at the valuation date, the board's current practices and administration procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are, in aggregate, appropriate and the methods employed are consistent with sound actuarial principles.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice.

Respectfully submitted
Hewitt Associates

Peter Muirhead, F.C.I.A. -
Fellow, Canadian Institute of Actuaries -

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Compensation Fund

I have audited the balance sheet of the Compensation Fund as at December 31, 2006 and the statements of operations and other comprehensive income and reserves and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Compensation Fund as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Workers' Compensation Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith. In addition, the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Workers' Compensation Act* and regulations, the *Occupational Health and Safety Act* and regulations and the *Financial Administration Act* and regulations.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Vancouver, Canada
May 3, 2007

Compensation Fund
Balance Sheet
As at December 31

	2006 ($000s)	2005 ($000s)
ASSETS		
Current assets		
Accounts receivable (note 3)	$ 3,233	$ 1,516
Investments (note 4)	139,082	134,426
	142,315	135,942
Property and equipment (note 5)	6,461	4,272
	$ 148,776	$ 140,214
LIABILITIES AND RESERVES		
Current liabilities		
Bank overdraft (note 9)	$ 1,743	$ 2,510
Accounts payable and accrued liabilities (note 3)	3,595	3,096
	5,338	5,606
Benefits liability (note 6)	110,731	105,195
Accrued employee benefits (note 8)	1,497	1,238
Total liabilities	117,566	112,039
Reserves (note 7)	31,210	28,175
	$ 148,776	$ 140,214

Commitments and Contingencies (notes 10 and 12)

The accompanying notes are an integral part of these financial statements.

Approved by the Yukon Workers' Compensation Health and Safety Board

Craig Tuton
Chair

Compensation Fund
Statement of Operations and Other Comprehensive Income and Reserves
For the year ended December 31

	2006 ($000s)	2005 ($000s)
Revenue		
Assessments	$ 16,534	$ 11,688
Investment (note 4)	15,424	9,692
Recoveries and other receipts	1,992	1,010
	33,950	22,390
Expenses		
Claims expenses (note 6)	21,390	21,253
Administration and prevention (note 11)		
Administration	7,208	6,718
Occupational Health and Safety	1,152	961
Workers' Advocate	381	358
Contribution Agreements	269	265
Prevention Fund Agreements (note 7)	267	-
Appeal Tribunal	167	181
Act Review	81	74
Employer Consultant	-	16
	30,915	29,826
Operating surplus (defict) for the year	3,035	(7,436)
Other comprehensive income	-	-
Operating surplus (deficit) for the year and Other comprehensive income	3,035	(7,436)
Reserves, beginning of the year	28,175	35,611
Reserves, end of the year (note 7)	$ 31,210	$ 28,175

The accompanying notes are an integral part of these financial statements.

Compensation Fund
Statement of Cash Flows
For the year ended December 31

	2006 ($000s)	2005 ($000s)
Cash flows from operating activities		
Cash received from:		
Employers, for assessments	$ 15,816	$ 11,901
Investment revenue	4,919	3,936
Recoveries and other receipts	1,109	1,658
	21,844	17,495
Cash paid to:		
Claimants or third parties on their behalf	(15,854)	(12,851)
Employees, for salaries and benefits	(5,569)	(5,864)
Suppliers, for administrative and other goods and services	(3,038)	(2,340)
	(24,461)	(21,055)
Cash used in operating activities	(2,617)	(3,560)
Cash flows from investing activities		
Proceeds on sales and maturities of investments	62,027	140,600
Purchases of investments	(56,182)	(137,599)
Purchases of property and equipment	(2,461)	(624)
Cash provided by investing activities	3,384	2,377
Net increase (decrease) in cash	767	(1,183)
Bank overdraft, beginning of year	(2,510)	(1,327)
Bank overdraft, end of year	$ (1,743)	$ (2,510)

The accompanying notes are an integral part of these financial statements.

1. Nature of Operations

The Compensation Fund (the Fund) was established by the *Workers' Compensation Act* and is administered by the Yukon Workers' Compensation Health and Safety Board (the board) pursuant to the Act. The Fund, as administered by the board, provides compensation for injury or death by accident arising out of and in the course of employment. Annual assessments are levied upon employers, on the basis of their reported assessable payrolls. The assessment and investment revenue pays for all claims, administration and prevention expenses. In 1992, the board was made responsible for the administration of the *Occupational Health and Safety Act* and regulations to advance strategies for preventing workplace injuries in the territory.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

(a) Benefits liability

The benefits liability is determined annually and represents the actuarial present value of all future benefit payments expected to be made for claims which have occurred in the current fiscal year or in any prior year. The benefits liability includes a provision for future payments on claims that have not been finalized to date. It also includes a provision for all benefits provided by current legislation, policies and administrative practices in respect of existing claims as well as future claims management costs. No provision has been made for claims related to known latent occupational diseases where the claim has not yet been reported and the year of disablement would be in a subsequent period (Note 12).

The benefits liability is comprised of three liabilities for medical aid and compensation, pension, and annuity:

> Medical aid and compensation includes benefits for medical aid, compensation for loss of earnings and personal property, lump sum payments for permanent impairment, rehabilitation assistance, emergency transportation, traditional aboriginal healing, and death and funeral expenses.
>
> The pension liability includes monthly pension benefits indexed annually that are paid to spouses, dependent children and guardians of dependent children of those who die from a work-related injury.
>
> The annuity liability is for workers who have received compensation for the same disability for at least 24 months. An amount equal to ten percent of the total compensation payments, plus interest, is set aside to provide a retirement annuity at sixty-five years of age.

(b) Investments

Pursuant to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, the board has elected to designate all investments as held for trading. Consequently, investments are recorded at fair value. The fair value of publicly traded investments is the quoted market prices. Pooled fund units are valued at their year-end net asset value, as determined by the fund manager. Purchases and sales of investments are recognized on the trade date. Cash on account and short-term investments held by the investment managers for investment purposes are included in Investments.

Realized gains and losses, arising on the sale of investments, are recognized in investment income in the period earned. Unrealized gains and losses, arising from fluctuations in fair value, are recognized in investment income in the period in which they arise. Investment income arising from dividends and interest is recognized in the period earned. Investment income is presented net of investment expenses.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Revenue from investments is translated at the rate in effect at the time it is earned. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recognized in investment income in the period in which they arise.

In adopting the standard for financial instruments the board is required to adopt CICA Handbook Section 3865, *Hedges*. These standards do not have an impact on the financial statements because the board does not engage in the types of transactions addressed by this section.

(c) Assessments

Assessment revenue is calculated monthly on actual or estimated payrolls as reported by the employer, or on provisional assessments as determined by the board. Separate rates of assessment are established for each industry classification. An allowance for doubtful accounts is provided for assessments receivable based on management's best estimate.

The board administers the Government of Yukon employees' compensation claims related to injuries prior to January 1, 1993 when the Government was a self-insured employer. The Fund receives reimbursement for the claim costs and related administrative expenses of those employees (note 9).

(d) Third party subrogated claims

In certain limited circumstances, under section 56 of the *Workers' Compensation Act*, the board is deemed to be an assignee of a cause of action in respect of a claimant's disability. The claimant receives 25% of any settlement received after deducting all the costs of the action. This is over and above any future benefits entitlement. The remaining amount is used to offset future claims benefits, which were previously expensed in accordance with actuarial calculations, and which were previously incorporated in the benefits liability.

Revenue received from third party subrogated claims is recorded in the year the settlement occurs. No provision is made in the benefits liability for possible future subrogated recoveries because of their contingent nature.

(e) Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Salaries, wages and benefits directly related to internally developed property and equipment are included in the asset's costs. Development costs capitalization will cease when the item is substantially complete and ready for use. The costs will be transferred to the related asset category and amortized. Amortization is calculated on the straight-line method, using rates based on the estimated useful life of the assets as follows:

Buildings	40 years
Furniture and equipment	5 to 10 years
Computer systems and equipment	5 to 7 years

(f) Employee future benefits

Pension Benefits
Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Fund's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employees' required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Fund and are expensed during the year in which the services are rendered. The Fund is not currently required to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Other Benefits
Under conditions of employment, employees may qualify and earn employment benefits for vacation, sick, compensatory and personal leave, travel bonus, and severance benefits. The benefit obligation is determined on an actuarial basis. The obligation for vacation leave, sick leave, and severance benefits are calculated using the projected benefit method prorated on service. The remainder is calculated assuming all employees receive the benefits on the valuation date.

(g) Government funding

In 2005 the Government of Yukon approved the reinstatement of ongoing funding for the Mine Rescue Program, which was transferred to the board in 1993, through an annual grant to the board, beginning in fiscal 2005. This funding is to be reviewed by the Government, at a minimum, every five years. The revenue is accounted for in Recoveries and other receipts in the period in which the related expenses are incurred (note 9).

(h) Use of Estimates

The preparation of the financial statements in accordance with the Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. This mainly affects claims expenses, benefits liability, accounts receivable and assessments revenue, useful life of property and equipment, accrued employee benefits and the reserves. Actual results could differ materially from these estimates.

3. Accounts Receivable and Accounts Payable and Accrued Liabilities

	2006 ($000s)	2005 ($000s)
Receivable		
Assessments	$ 1,903	$ 1,069
Government of Yukon (note 9)	1,233	396
Other receivables	97	51
	$ 3,233	$ 1,516
Payable		
Assessments	$ 683	$ 567
Government of Yukon (note 9)	2,032	1,459
Other payables and accrued liabilities	880	1,070
	$ 3,595	$ 3,096

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value given their short term to maturity.

4. Investments and Investment Revenue

The Board of Directors has established a policy for the management of the investment process, utilizing external investment portfolio managers. The portfolio managers' compliance with this investment policy is monitored on a regular basis.

(a) Portfolio Investments	**2006** ($000s) Fair Value	**2005** ($000s) Fair Value
Fixed-term securities		
Federal Bonds	$ 22,955	$ 28,860
Provincial Bonds	6,612	8,195
Corporate Bonds	30,453	23,936
	60,020	60,991
Equities		
Canadian	23,333	22,385
United States	25,120	24,069
International	28,317	24,570
	76,770	71,024
Other Investments		
Cash on account	211	95
Treasury Bills	1,463	1,752
Accrued interest receivable	681	686
	2,355	2,533
Investments, sub-total	139,145	134,548
Management fee accrual	(63)	(122)
	$ 139,082	$ 134,426

(b) Investment Revenue

	2006 ($000s)	**2005** ($000s)
Dividends and interest		
Bonds and short-term investments	$ 3,021	$ 3,249
Equities	2,395	1,079
	5,416	4,328
Gains and losses		
Realized gains in the year	1,387	1,909
Change in fair value in the year	9,084	3,884
	15,887	10,121
Investment management fees	(463)	(429)
	$ 15,424	$ 9,692

(c) Investment Performance

The investments are managed by two independent investment managers. The rates of return on the investments for the year are as follows:

	2006	2005
Fixed-term securities	4.1%	5.6%
Canadian equities	15.4%	26.3%
United States equities	17.4%	0.5%
International equities	26.5%	6.0%

Treasury Bills earn interest at rates ranging from 0.996% to 1.275% (2005 – 0.803% to 1.027%) and mature within 90 days.

(d) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations. To manage this risk, pending Cabinet approval of proposed amendments to its investment policy, the board has determined that short-term investments must have a credit rating of at least R1L, and long-term investments require a rating of BBB or higher by the Dominion Bond Rating Service in order to be eligible for consideration as an investment. Diversification of credit risk is managed by limiting the exposure in a single private institution to 5% of the portfolio.

(e) Foreign Exchange Risk Management

The Fund has investments in equities denominated in foreign currencies. The board does not undertake long-term hedging strategies for the currency risk of foreign investments. The board undertakes long-term investment strategies. However, currency fluctuations may affect short-term returns. The fair value of the Fund's US dollar investments as at December 31, 2006 was $40,277,000 (2005 - $36,510,000). The Fund did not hold any investments in other foreign currencies at December 31, 2006 (2005 - nil).

(f) Interest Rate Risk Management

Fluctuations in interest rates can impact the fair value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-term portfolio.

The fixed-term investments, at fair value, in thousands of dollars, mature as follows:

1 to 5 years	effective yield of 4.17%	$ 30,544	51%
6 to 10 years	effective yield of 4.38%	13,178	22%
greater than 10 years	effective yield of 4.66%	16,299	27%
		$ 60,021	100%

5. Property and Equipment

	2006 ($000s)			2005 ($000s)
	Cost	**Accumulated Amortization**	**Net Carrying Value**	**Net Carrying Value**
Land	$ 390	$ -	$ 390	$ 390
Buildings	3,339	(1,175)	2,164	2,192
Furniture and equipment	634	(527)	107	99
Computer systems and equipment (1)	2,328	(1,956)	372	438
Systems development (1)	3,428	-	3,428	1,153
	$ 10,119	$ (3,658)	$ 6,461	$ 4,272

(1) As of December 31, 2006, costs of $3,428,000 (2005 - $1,153,000) for the claims and assessments components have been capitalized and will not be amortized until these system components are substantially complete. These components were put into service subsequent to year end. Amortization of the cost capitalized as the claims and assessment components will begin in 2007.

6. Benefits Liability

	2006 ($000s)				2005 ($000s)
	Medical Aid & Compensation	**Pension**	**Annuity**	**Total**	**Total**
Balance, beginning of year	$ 77,052	$ 22,476	$ 5,667	$105,195	$ 96,793
Add claims costs incurred:					
Current year injuries	13,907	-	-	13,907	11,834
Prior years' injuries (1)	4,206	2,386	891	7,483	9,419
	18,113	2,386	891	21,390	21,253
Less claims payments made:					
Current year injuries	3,063	-	-	3,063	2,372
Prior years' injuries	10,691	1,706	394	12,791	10,479
	13,754	1,706	394	15,854	12,851
Balance, end of year	$ 81,411	$ 23,156	$ 6,164	$110,731	$105,195

The key actuarial assumptions used to value the benefit liabilities as at December 31 are as follows:

	2006	2005
Discount rate for medical aid benefits	1.50%	1.50%
Discount rate for compensation benefits	2.50%	2.50%
Discount rate for rehabilitaion	3.50%	3.50%
Discount rate for survivor and other pension benefits	3.50%	3.50%

The benefits liability was determined using accepted actuarial practices in accordance with standards established by the Canadian Institute of Actuaries. The actuarial present value of future benefits reflects management's long-term estimates of economic and actuarial assumptions and methods, which are based on past experience modified for current trends. As these assumptions may change over time to reflect underlying economic or legislated conditions, it is possible that such changes could cause a material change to the actuarial present value of future benefit payments. The fair value for the benefits liability is not practical to determine due to its long-term nature.

(1) In 2005, the Board of Directors approved a policy to establish the circumstances in which the Fund will provide lump sum payments to workers as allowed under pre-1993 workers' compensation legislation.

The lump sum payment in lieu of future periodic compensation payments is considered settlement in full of all compensation entitlement in respect of the claim to age 65. The worker may be allowed to receive additional medical treatment.

When the lump sum is paid, an amount equal to 10 percent of the present value of the future loss of earnings compensation is transferred to the annuity account of the Fund to provide a retirement annuity at age 65. At the request of the worker, the annuity amount may be paid into an established superannuation plan.

During the year ended December 31, 2006 the board paid out $2,022,000 on account of lump sum payments (2005 – nil) and $317,000 (2005 – nil) on account of Annuities. As of December 31, 2006, there are applications outstanding for lump sum payments for a total of approximately $712,000 (2005 – $3,600,000).

7. Reserves

In 2005, the Board of Directors completed a review of the reserves structure and amended the funding policy, which provides for the establishment of two temporary funds (Prevention Fund and Rate Transition Fund) and two new reserves (Adverse Events Reserve and Stabilization Reserve). The reserves are established to protect the fully funded position of the Fund and to stabilize the effect of fluctuations in the employer assessment rates. The Fund is considered fully funded when there are sufficient funds for the payment of all present and future compensation, including the cost of administration. At the end of the fiscal year, once the benefits liability is determined, the remaining difference between the Fund's assets and liabilities is credited to reserves.

Under the current funding policy, the two temporary funds and two reserves are established as follows:

Temporary Funds:

(i) Prevention Fund

The Prevention Fund serves to provide funding for the start up costs of pre-selected accident prevention and workplace safety initiatives. It was initially established in 2005, with $5,000,000 and will not be replenished once depleted. In 2006, a total of $267,000 (2005 – nil) was incurred on accident prevention and workplace safety initiatives. At December 31, 2006 the Prevention Fund has a balance of $4,733,000 (2005 - $5,000,000).

(ii) Rate Transition Fund

The Rate Transition Fund, which was initially established at $6,500,000 and will not be replenished once depleted, is intended to provide temporary funding for the removal of employer assessment rate subsidies. The amount of the annual employer assessment rate subsidy, up to a maximum of the balance remaining in the fund is charged to this fund; 2006 - $1,922,000 (2005 - $4,578,000). At December 31, 2006 the Rate Transition Fund has a nil balance (2005 - $1,922,000).

Reserves:

(iii) Adverse Events Reserve

The Adverse Events Reserve is to provide funding for infrequent, unexpected adverse claims experience and catastrophic events to protect employers from sudden impact of the costs of these types of events. The target level for this reserve is $18,023,000 (2005 - $17,219,000), which has been set at 100 times the maximum wage rate plus 10 percent of the benefits liability and is calculated annually upon completion of the actuarial valuation of the benefits liability. Costs related to catastrophic and adverse events and latent occupational diseases are charged to this reserve; 2006 - nil, (2005 – nil). This reserve is limited to its target level. Funds in excess of the target level are transferred to the Stabilization Reserve; 2006 – nil (2005 - nil).

A funding deficiency exists when the reserve is below its target level; 2006 $1,643,000 (2005 - $839,000). In the event of a charge against this reserve and when a funding deficiency exists, the following steps will be taken to replenish the reserve to its target level:

- Any recovery of the costs charged to this reserve will be added to this reserve, up to the target level.
- Any surplus in the Stabilization Reserve will be transferred to this reserve to replenish it up to the target level, if possible.
- If the transfer from the Stabilization Reserve is not sufficient to replenish this reserve to the target level, the reserve will be replenished by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.

- In subsequent years, if a recovery or a surplus in the Stabilization Reserve becomes sufficient to replenish the reserve, any special assessment premium surcharge will be cancelled.

(iv) Stabilization Reserve

The Stabilization Reserve is to protect the fully funded position of the Fund and to stabilize the effect of fluctuations on employer assessment rates. The target level for this reserve is equal to 10 percent of the benefits liability; 2006 - $11,073,000 (2005 - $10,519,000). The operating range for this reserve is determined as the target level balance plus or minus 3.5 percent of the benefits liability. The annual operating surplus (deficit), net of any amounts charged to the temporary funds and the Adverse Events Reserve, is transferred to this reserve; 2006 - $5,224,000 (2005 – ($2,858,000)).

This reserve is considered to have a surplus when its balance exceeds the top of the operating range. Any surplus (determined as the difference between the reserve balance and its target level) is transferred to the Adverse Events Reserve, up to the target level if the latter reserve is below target. If the Adverse Events Reserve is at its target level and the balance of the Stabilization Reserve exceeds the upper threshold of the operating range, any surplus will be applied as an employer assessment premium rebate based on an established schedule as outlined in the funding policy.

A funding deficiency exists when the reserve balance is below its target level; 2006 - $976,000 (2005 - $5,647,000). The amount of the deficiency is determined as the difference between the reserve balance and its target level. In the event that this reserve falls below the lower threshold of the operating range, 2006 - $7,198,000 (2005 - $6,838,000), the following steps will be taken:

- Any surplus in the Adverse Event Reserve will be transferred to the Stabilization Reserve, up to the target level, if possible.
- Any remaining deficiency will be replenished up to the target level by a special assessment premium surcharge based on an established schedule as outlined in the funding policy.

Reserves ($000s)	Balance, beginning of the year	Charges to funds and current allocation to reserves	Balance, end of the year	Target Level	Funding Deficiency
Prevention Fund	$ 5,000	$ (267)	$ 4,733		
Rate Transition Fund	1,922	(1,922)	-		
Adverse Events Reserve	16,380	-	16,380	$ 18,023	$ 1,643
Stabilization Reserve	4,873	5,224	10,097	11,073	976
	$ 28,175	$ 3,035	$ 31,210		

8. Employee Future Benefits

(a) Public Service Pension Plan

Contributions made to the Public Service Pension Plan by the Fund and the employees for the year were as follows:

	2006 ($000s)	2005 ($000s)
Employees' contributions	$ 242	$ 194
Fund contributions	514	412

(b) Other Benefits

The liability for employee non-pension benefits, including vacation, sick, compensatory and personal leave, travel bonus and severance at December 31 was as follows:

	2006 ($000s)	2005 ($000s)
Accrued employee benefits, beginning of the year	$ 1,470	$ 1,479
Costs for the year	334	514
Payments made during the year	(217)	(523)
Accrued employee benefits, end of the year	$ 1,587	$ 1,470
Short-term portion, [included in accounts payable and accrued liabilities (note 3)]	$ 90	$ 232
Long-term portion	1,497	1,238
	$ 1,587	$ 1,470

The key assumptions used to calculate the accrued employee benefits are a liability discount rate of 7% (2005 – 7%) and an annual rate of general escalation in wages of 3% (2005 – 3%).

9. Related Party Transactions

As a statutory Corporation of the Government of Yukon (the Government), the board is related to all Government departments, agencies and Government corporations. The board enters into transactions with these entities in the normal course of business and the transactions are recorded at the exchange amount, which approximates fair value. All mainframe computer software is owned by the Government. The board has access to the Government's overall line of credit facility with its banker. This access provides the board with overdraft coverage when needed.

The Compensation Fund paid the Government $668,000 (2005 - $657,000) for building maintenance, computer, office supplies, payroll processing, recruitment, vehicle and rehabilitation services. The Fund reimbursed the Government for payroll costs of $6,095,000 (2005 - $5,788,000).

The Government pays certain claims costs to the Compensation Fund for claims prior to 1993 and also reimburses the cost of supplementary benefits pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance (note 2c). Supplementary compensation benefits are granted, pursuant to the Yukon Workers' Compensation Supplementary Benefits Ordinance, to all persons receiving compensation on or after October 1, 1973 for accidents prior to that date. Compensation is increased to the amount that would have been granted had the accident occurred after the Act came into force. The cost of these benefits is recovered from the Yukon Consolidated Revenue Fund.

Effective January 1, 1993, all Government employees were covered by the Fund. Revenues and recoveries from the Government of Yukon for the years ended December 31 are as follows:

	2006 ($000s)	2005 ($000s)
Assessments	$ 4,671	$ 3,603
Pre-93 claims costs	$ 1,284	$ 223
Supplementary compensation benefits	$ 379	$ 415
Recoveries and other receipts	$ 330	$ 330

As at December 31, balances due to and from related parties are as follows:

	2006 ($000s)	2005 ($000s)
Due to Government of Yukon	$ 2,032	$ 1,459
Due from Government of Yukon - Recoveries	$ 1,233	$ 396
Due from Government of Yukon - Assessments	$ 249	$ 198

10. Commitments

The board has commitments for computer software development and maintenance fees, professional legal and medical services, contribution agreements, Prevention Fund agreements and office leases for the next five years and thereafter, in thousands of dollars, as follows:

	Computer software	Professional Services Contracts	Contribution Agreements	Prevention Fund Agreements	Office Leases	Total
2007	$ 207	$ 316	$ 264	$ 1,843	$ 7	$ 2,637
2008	31	250	280	748	-	1,309
2009	30	220	280	-	-	530
2010	30	100	280	-	-	410
2011	28	-	-	-	-	28
Thereafter	-	-	-	-	-	-
						$ 4,914

11. Administration and Prevention Expenses

	2006 ($000s)	2005 ($000s)
Salaries and benefits	6,129	$ 5,866
Consulting and professional	1,351	758
Communications	300	258
Amortization	271	294
Buildings	267	248
Computer systems	237	187
Board expenses	208	279
Automobile and travel	208	135
Printing and publications	178	123
General administration	153	165
Staffing and recruitment	130	187
Supplies and stationery	68	56
Furniture and equipment	25	17
	$ 9,525	$ 8,573

12. Contingencies

The Fund is required to pay for future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, these liabilities cannot be estimated and are not included in the benefits liability.

13. Comparative Figures

Certain prior year's figures have been reclassified to conform to the current year's presentation.